

## **CURRENT SCHOLARSHIP**

# **Financial History, Historical Analysis, and the New History of Finance Capital**

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The traditional way of starting an essay on the history of capitalism is by not defining the term. The practice is regrettable, since it elides multiple definitions of which two most obviously stand out. For Karl Marx, the essence of capitalism was the separation of labor from the means of production, the concentration of the latter in the hands of the capitalist class, and the development of a political superstructure to secure property rights. For Milton Friedman, who positioned himself as the Marxist's mid-twentieth-century *bête noire*, capitalism was synonymous with markets and their association with private property and voluntary exchange. The Marxian portrait lends itself to a characterization of the economic system as unequal, exploitative, and unstable, whether due to a falling rate of profit or, in its twenty-first-century variant, an ever-increasing concentration of wealth and power in the hands of the 1 percent. Friedman and his followers, on the other hand, see unregulated market exchange as expressing freedom of choice, as a vehicle of opportunity and self-improvement, and as a mechanism for competing away inefficiencies.

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