

## Capitalism in the Age of Revolution

Professor M. Ghachem  
Rm. E51-291  
617-324-7284  
[mghachem@mit.edu](mailto:mghachem@mit.edu)

21H.382  
Fall 2016  
Wed. 10-1pm  
Office hours: Mon. 10-12pm

The decades leading up to the Atlantic revolutions of the late eighteenth century were formative moments in the rise of capitalism. The novel instruments of credit, debt, and investment fashioned during this period proved to be enduring sources of financial innovation, but they also generated a great deal of political conflict, particularly during the revolutionary era itself. We will examine the debates surrounding large-scale financial and trading corporations and consider the eighteenth century as a period of recurring financial crisis in which corporate power came into sustained and direct contact with emerging republican norms. The seminar ends with a look at the relationship between slavery and the rise of “modern” or “industrial” capitalism in the nineteenth century, as well as some of the critiques of capitalism that emerged out of that experience.

### Course Materials:

There are one required text for purchase (also on reserve at Dewey Library):

- Sven Beckert and Seth Rockman, *Slavery's Capitalism: A New History of American Economic Development* (Philadelphia: University of Pennsylvania Press, 2016).

All other readings will be made available via Stellar (as downloadable PDF attachments, via hyperlinks, or e-reserves).

Although no background knowledge is assumed or required, it will be useful to have some familiarity with the events and issues of eighteenth-century North Atlantic history. For this purpose, I have indicated, at various points in the semester, some selections from a textbook by Palmer, Colton, and Kramer, which you can find under the “General and Reference” heading of the “Materials” tab on the course Stellar site. This reading is strictly optional and we will not discuss it directly in seminar.

### Class format, evaluation, and attendance:

This seminar meets once a week for three hours for close readings of texts that must be studied carefully and critically in advance in order for the class to work. Because we meet only once a week and cover a good deal of ground in each seminar meeting, students who miss more than two sessions of the seminar will not be able to receive a passing grade for the course barring an unusual medical or personal emergency. If you must miss a class, please contact me in advance.

*The use of laptops and tablets is permitted in the seminar provided that students use them only for notetaking, viewing the assigned readings for that day, or looking up materials on the internet that are relevant to the discussion at hand.*

Grades are based on class participation (40%) and a series of three writing assignments spaced throughout the seminar (60%), apportioned as follows:

1. A five page paper on the Mississippi and South Sea bubbles. Your paper should make use of the readings for Sept. 14, 21, and 28, as well as the document that you will select in conjunction with our Sept. 28 field trip to the South Sea Bubble Collection at Harvard Business School. Due in class on Oct. 5. [15%]
2. A six to seven page paper on the American and French revolutionary materials. Due in class on Nov. 16. [20%]
3. A nine to ten page paper on the significance of the relationship between slavery and capitalism. Your paper should make use of the readings for Oct. 12, Nov. 23, and Nov. 30, among other materials that you may choose to draw upon. Due in class on Dec. 14. [25%]

Further guidelines regarding the format and expectations of these papers will be provided as we approach each of the individual deadlines.

### **Writing Help:**

You should feel free to come to me if facing challenges with any of the written assignments for this course, whether at the level of substance or process. Know also that the WCC at MIT (Writing and Communication Center) offers students free one-on-one professional advice from communication experts (MIT lecturers who have advanced degrees and who are all published writers). The WCC helps you strategize about all types of academic writing as well as about all aspects of oral presentations. The WCC also helps with all English as Second Language issues, from writing and grammar to pronunciation and conversation practice. The WCC is located in Kendall Square (E39-115, 55 Hayward Street, in the same building that houses Rebecca's Cafe). To register with the WCC's online scheduler and to make appointments, go to <https://mit.mywconline.com/>. To access the WCC's many pages of advice about writing and oral presentations, go to <http://cmsw.mit.edu/writing-and-communication-center/>. The Center's core hours are Monday-Friday, 9:00 a.m.-6:00 p.m.; evening hours vary by semester – check the online scheduler for up-to-date hours.

## Schedule of Meetings and Readings:

### Part One: Introduction

#### Sept. 7: Introduction

- a) Deirdre N. McCloskey, “The Formula for a Richer World? Equality, Liberty, Justice,” *New York Times*, Sept. 2, 2016, at <http://nyti.ms/2c3D5mO>.

#### Sept. 14: Perspectives on Capitalism and Financial Crisis

- a) Jürgen Kocka, *Capitalism: A Short History* (Princeton, NJ: Princeton University Press, 2016), 1-24.
- b) William H. Sewell, Jr., “The Capitalist Epoch,” *Social Science History* 38, no. 1-2 (2014): 1-11.
- c) Hyman Minsky, “The Financial Instability Hypothesis,” Working Paper no. 74 (May 1992), Levy Economics Institute of Bard College, at [www.levyinstitute.org/pubs/wp74.pdf](http://www.levyinstitute.org/pubs/wp74.pdf).
- d) Deirdre Nansen McCloskey, *Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World* (Chicago, IL: University of Chicago Press, 2016), xi-xxxvi.

Optional background reading: R.R. Palmer, Joel Colton, and Lloyd Kramer, *A History of the Modern World: to 1815*, 9<sup>th</sup> ed. (New York: Knopf, 2002), 233-249.

#### Sept. 21: The Mississippi Bubble

- a) James Macdonald, *A Free Nation Deep in Debt: The Financial Roots of Democracy* (New York: Farrar, Straus and Giroux, 2003), ch. 5 (pp. 179-205).
- b) Antoin E. Murphy, “John Law: Innovating Theorist and Policymaker,” in *The Origins of Value: The Financial Innovations that Created Modern Capital*, ed. William N. Goetzmann and K. Geert Rouwenhorst (New York: Oxford University Press, 2005), 225-238.
- c) Robert Harms, *The Diligent: A Voyage Through the Worlds of the Slave Trade* (New York: Basic Books, 2001), pp. 29-61.
- d) Montesquieu, *The Persian Letters* (1721), trans. C.J. Betts (New York: Penguin, 1993), letters 138, 142, and 146.

Short film (to be shown in class): Niall Ferguson, “Blowing Bubbles: The Emergence of Stock Trading” (BBC Worldwide), at <http://digital.films.com/play/6NJKNQ>.

Sept. 28: The South Sea Bubble (*research visit/field trip today to the South Sea Bubble Collection at Harvard Business School's Baker Library*)

- a) Edward Chancellor, *Devil Take the Hindmost: A History of Financial Speculation* (New York: Farrar, Straus and Giroux, 1999), 58-95.
- b) John Trenchard and Thomas Gordon, *Cato's Letters, or Essays on Liberty, Civil and Religious, and Other Important Subjects*, vol. 1 (1720-1721), preface (read only the first few pgs., beginning at p. 11 of the PDF posted on Stellar) and letters 1-11 (beginning at p. 26 of the PDF).
- c) Review this website describing the Harvard Business School's Kress collection on the South Sea and Mississippi Bubbles: <http://www.library.hbs.edu/hc/ssb/index.html>; then, identify one primary source in the collection that is of particular interest to you, so that you can request it in person during our visit to the Baker Library.

Oct. 5: Monopoly Capitalism and Financial Innovation

- a) Larry Neal, "Venture Shares of the Dutch East India Company," in *The Origins of Value: The Financial Innovations that Created Modern Capital*, ed. William N. Goetzmann and K. Geert Rouwenhorst (New York: Oxford University Press, 2005), 165-176.
- b) Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, vol. 2 (Indianapolis, IN: Liberty Fund, 1981), 630-641 (Part IV, ch. 7, §§ 174-194 of the online version).
- c) Depending on whether you are more interested in political theory (Stern) or sociology and trade (Erikson), read either of the following:
  - i. Philip J. Stern, "Companies: Monopoly, Sovereignty, and the East Indies," in *Mercantilism Reimagined: Political Economy in Early Modern Britain and its Empire*, ed. Philip J. Stern and Carl Wennerlind (New York: Oxford University Press, 2014), 177-195.
  - ii. Emily Erikson, *Between Monopoly and Free Trade: The English East India Company, 1600-1757* (Princeton, NJ: Princeton University Press, 2014), 51-76.

**\* PAPER #1 DUE IN CLASS TODAY \***

Oct. 12: Plantation Capitalism

- a) Robin Blackburn, *The Making of New World Slavery: From the Baroque to the Modern, 1492-1800* (London: Verso, 1997), ch. 9.
- b) Trevor Burnard and John Carrigus, *The Plantation Machine: Atlantic Capitalism in French Saint-Domingue and British Jamaica* (Philadelphia: University of Pennsylvania Press, 2016), intro. and ch. 7.

Oct. 19: The Question of Money (some Anglo-American examples)

- a) Christine Desan, "Money as a Legal Institution," in *Money in the Western Legal Tradition: Middle Ages to Bretton Woods*, ed. David Fox and Wolfgang Ernst (Oxford, UK: Oxford University Press, 2016), 18-35.
- b) E. James Ferguson, "Currency Finance: An Interpretation of Colonial Money Practices," *William and Mary Quarterly* 10, no. 2 (1953): 154-180.
- c) Cotton Mather, "Some considerations on the bills of credit now passing in New-England" (1691).
- d) The 1764 Currency Act (April 19, 1764).

Optional background reading: Palmer, Colton, and Kramer, *A History of the Modern World*, 249-263, 323-342.

Oct. 26: Tea, the American Revolution, and the British Empire

- a) Benjamin Labaree, *Catalyst for Revolution: The Boston Tea Party, 1773* (Boston, MA: Bicentennial Commission, 1973).
- b) Review the Massachusetts Historical Society's website (text and supporting primary sources) on the Boston Tea Party, at <http://bit.ly/1u5qkbi>, and please select one source for presentation to the seminar.
- c) James R. Fichter, *So Great a Profit: How the East Indies Trade Transformed Anglo-American Capitalism* (Cambridge, MA: Harvard University Press, 2010), 232-251.

Nov. 2: The Economic and Financial Origins of the French Revolution (I)

- a) Gail Bossenga, "Financial Origins of the French Revolution," in *From Deficit to Deluge: The Origins of the French Revolution*, ed. Thomas E. Kaiser and Dale K. Van Kley (Stanford, CA: Stanford University Press, 2011), 37-66.
- b) Michael Kwass, "The Global Underground: Smuggling, Rebellion, and the Origins of the French Revolution," in *The French Revolution: A Global Perspective*, ed. Suzanne Desan, Lynn Hunt, and William Max Nelson (Ithaca, NY: Cornell University Press, 2013), 15-31.

Optional background reading: Palmer, Colton, and Kramer, *A History of the Modern World*, 343-377.

Nov. 9: The Economic and Financial Origins of the French Revolution (II)

- a) Lynn Hunt, "The Global Financial Origins of 1789," in *The French Revolution: A Global Perspective*, ed. Suzanne Desan, Lynn Hunt, and William Max Nelson (Ithaca, NY: Cornell University Press, 2013), 32-43.
- b) Robert Darnton, *George Washington's False Teeth: An Unconventional Guide to the Eighteenth Century* (New York: W.W. Norton, 2003), 137-155.

- c) Lauren R. Clay, "The Bourgeoisie, Capitalism, and the Origins of the French Revolution," in *The Oxford Handbook of the French Revolution*, ed. David Andress (Oxford, UK: Oxford University Press, 2015).

Nov. 16: The Revolutionary Origins of American Capitalism

- a) Pauline Maier, "The Revolutionary Origins of the American Corporation," *William and Mary Quarterly* 1993 50(1): 51-84.
- b) Gordon S. Wood, "The Enemy is Us: Democratic Capitalism in the Early Republic," *Journal of the Early Republic* 16, no. 2 (Summer 1996): 293-308.
- c) Winifred Barr Rothenberg, "The Invention of American Capitalism: The Economy of New England in the Federal Period," in *Engines of Enterprise: An Economic History of New England*, ed. Peter Temin (Cambridge, MA: Harvard University Press, 2000), 69-108.

**\* PAPER #2 DUE IN CLASS TODAY \***

Nov. 23: Slavery and American Capitalism (I)

- a) Selections (tba) from Beckert and Rockman, *Slavery's Capitalism*.

Nov. 30: Slavery and American Capitalism (II)

- a) Selections (tba) from Becker and Rockman, *Slavery's Capitalism*.
- b) Walter Johnson, "The Pedestal and the Veil: Rethinking the Capitalism/Slavery Question," *Journal of the Early Republic* 24, no. 2 (2004): 299-308.

Dec. 7: Capitalism Today (*please be sure to bring your laptops to class today: we will spend 10-15 minutes at the start of class filling out the online subject evaluations*)

- a) Thomas Piketty, *Capital in the Twenty-First Century* (Cambridge, MA: Harvard University Press, 2014), intro.
- b) Jed Rakoff, "The Financial Crisis: Why Have No High-Level Executives Been Prosecuted?," *The New York Review of Books*, Jan. 9, 2014, at <http://bit.ly/1o4aFTV>.
- c) Jim Yardley and Binyamin Applebaum, "In Fiery Speeches, Francis Excoriates Global Capitalism," *New York Times*, July 11, 2015, at <http://nyti.ms/1HTT7Jg>.

Dec. 14: Final class: no assigned readings.

**\* PAPER #3 DUE IN CLASS TODAY \***