

Werner Sombart's Ghost: The *Geist* That Haunts the New Histories of Capitalism

Hans L. Eicholz*

Liberty Fund

Abstract

A number of writers have pointed to the similarities of early Marxist conceptions of history and the arguments and conclusions found in the New Histories of Capitalism. Less well known have been the interesting parallels with the work of the chief proponent of the term “capitalism.” Marx only rarely used “capitalist” to designate the owners of the means of production. It was Werner Sombart, the interlocutor of Max Weber within the Historical School, who did the most to promote the use of “capitalism” as a term and who most thoroughly theorized about its application to historical interpretation. This paper contends that the primary categories respecting the relationship of markets to war, slavery, and colonialism evident in the New Histories, and most especially in Sven Beckert’s work, are to be found in Werner Sombart’s writings. And yet one wonders why there has been no explicit attribution.

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I. The Not-So-New New Histories

How new are the New Histories of Capitalism? Many insightful commentaries on the works that now fall under this heading—from the 1619 Project to the various books of such notable authors as Edward Baptist, Seth Rockman, and Walter Johnson, among others—have been written. In most instances the commentaries have been highly critical of the works’ theoretical orientation and their claim of newness of informational content.

Until now, however, one work has generally withstood such criticism: Sven Beckert’s *Empire of Cotton* (2015). Both in his narrative

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style and the focus on the global market for cotton specifically, Beckert has revealed aspects of cotton production that were largely unknown to all but a small group of specialists, and he has done so in a way that presents an impressive array of archival findings in a highly engaging and readable narrative. But, as I attempt to show, this presentation rests on a theoretical foundation that is not new and in fact is subject to all of the deficiencies of its precursor.

Empire of Cotton has, in its most important essentials, reinvented a framework and theoretical orientation that was first developed in the early part of the twentieth century by one of the leading historians and sociologists of capitalism, Werner Sombart. Given Sombart's central role in promulgating the term "capitalism," far more than Marx and subsequent Marxists, the omission of any discussion of Sombart's contribution is startling.¹

Far more concerning, however, is that the Beckert thesis suffers from the very same theoretical and historical deficiencies of the earlier thesis: (1) an overly reductionist conception of human action and purpose; (2) an excessively synthetic and systemic view of social forces that subsumes all events and actions under one phenomenological category; and finally, (3) a degree of social determinism that is ultimately self-defeating as an explanation of global historical developments. Interestingly, these basic points were all originally raised against Sombart by none other than Otto Hintze, the great institutional historian and contemporary of Sombart's.

Hintze's analysis, which applies an explicitly Weberian critique to Sombart, remains pertinent to the Beckert thesis today. Indeed, I was entirely struck by *déjà vu* on my initial reading of *Empire of Cotton*, fresh as I was from examining Sombart's work and the two reviews by Hintze of Sombart's *Moderne Kapitalismus*² (Modern Capitalism) from 1927.

My main contention here is that while Beckert has indeed revealed new and interesting data points about the history of cotton, his interpretive framework is far from original and just as deeply

¹ In fact, Marx rarely ever used "capitalist" in his writings. Albert Schäffle (1870) of the German Historical School was among the earliest to make it a respectable academic subject in the 1870s, but one would hardly be exaggerating to say that it was Sombart who had made the word part of general political vocabulary in the early twentieth century. For that reason alone, neglect of his work by those continuing in the study of the so-called New Histories of Capitalism is all the more surprising.

² All direct citations are to the 1919 edition.

problematic as his precursor's thesis. Thus, even in this particular case, the appellation "new" must be severely qualified.

II. Theory and Fact in the New Histories

Among the many criticisms of the New Histories, it has been frequently observed that the more economically oriented of the genre have not just repackaged older data points but also frequently replicated some very old conceptual errors.

In his extended critique of the genre, Phil Magness (2020) writes, "Although branded with the moniker 'new,' a number of its defining elements are not that novel" (p. 71). The inhumanity of the institution of slavery, the discovery that it was nevertheless profitable to slave holders, and the legacy of racial bigotry and violence that it imparted have all been longtime staples of the older histories. Other reviewers have concluded similarly.

In 2017 Stanley Engerman (2017, pp. 637–43) pointed out that Edward Baptist's primary case had been made well before the Civil War by the Cincinnati journalist David Christy. Much to the delight of Southern planters, Christy's 1856 book *Cotton Is King* contended that the entire industry of the North, and much of the modern economy, would be brought down if the South simply took its "peculiar institution" off-line. The contention that the slave economy was central to the capitalist system is one of the essential arguments of the New Histories, but it remains just as problematic.

Christy's thesis proved disastrous for the South. When the region finally did remove itself from the world economy, the world economy just kept on going, as both Deirdre McCloskey (2018) and Gavin Wright (2020) have noted. Baptist's double and triple counting of inputs and outputs have only added numerical miscalculation to Christy's original error (see especially Wright 2020, pp. 374–75). Other problems in the general theoretical approach of the genre have been noted.

More literary in style than cliometric, the New Histories have taken liberty with texts and time. For many writers, the very culture of the modern world is supposedly predicated on a deeper racial logic that undermines opportunities for the exploited and underprivileged even as public discourse professes the universality of freedom and equality (Kendi 2016, pp. 9–10; Stovall 2021, p. 7; Eicholz 2021). Unpacking these meanings and deconstructing public texts to expose the subtexts constitute the principal objective of these histories.

In doing so, however, they have applied older theories that give scholars license to analyze texts independently of their temporal context to better suit their very particular constructions of historical context. Such an approach to texts is observed in the way public documents of the American Revolution are frequently read in light of later documents and private correspondences to assert the presence of culturally embedded systemic forces of oppression (Desmond 2021, pp. 165–85; Stovall 2021, pp. 4–5). But again, this is far from new.

The justification for decoupling texts from chronology is to be found in the literary theories of deconstruction. Connections have been made to earlier French and German critical theorists as the originators of the now-current apparatus of critical theory that appears to inform many of these “new” approaches.³

Of all the so-called New Histories of Capitalism, Sven Beckert’s, *Empire of Cotton* (2015), has fared the best. There does indeed appear to be something different here. While some have noted that the original title of the German text was actually *King Cotton: Eine Globalgeschichte des Kapitalismus* (King Cotton: A Global History of Capitalism), his argument is not really that of Christy’s, nor does he commit the numerical and statistical mistakes of Baptist.

As far as chronology goes, Beckert’s narrative follows a well-defined periodization. The work’s chief strength lies in its base of archival sources, with a relentless focus on one industry: cotton. One would not be far off to say that Beckert’s work stands as the most sophisticated of the New Histories (Coclanis 2022, p. 490). The most serious objection to date has been raised by Phil Magness (2020, pp. 85–88). As he notes, Beckert’s application of the concept of capitalism moves almost seamlessly from one age to the next without troubling itself about any of the usual distinctions drawn by economic historians.

Gone is the significance of the difference between mercantilism and free trade, for example, except insofar as it represents a peculiar ideological orientation of particular capitalists. Gone is the usual divide over the nature of pre- and postindustrial living standards, except

³ To illustrate this point, one need only consult the sources and citations found, for example, in Shauna J. Sweeney’s “Gendering Racial Capitalism and the Black Heretical Tradition,” Destin Jenkins and Justin Leroy, ed., 2021, p. 80n81. Those writing on “racial capitalism” fall squarely within the New Histories, and their work is merely the latest development in the genre. For a defense of the concepts of critical race theory, see Walton (2019, pp. 78–94); for an overview that stresses the Foucauldian roots of the New Histories, see Geloso and Glock (2020, p. 4).

insofar as Marx, Karl Polanyi, Eric Hobsbawm, and E. P. Thompson can still supply evidence of exploitation and immiseration (Beckert 2015, pp. 80–81, 171n7, 244, 504n28). Nary a mention is to be found of Max Hartwell and the standard-of-living debate, and one only finds the briefest reference to the New Institutionalists under Alfred Chandler concerning the form and structure of business enterprise (Beckert 2015, p. 510n33).

What drives Beckert's narrative is actually none of the stuff of the older historiography. Instead, as Magness (2020) writes, Beckert fluctuates "between a definition that is at once equivocal in its characteristics and yet selectively infused with the certitude of an essence, chained to slavery" (p. 88). Such an essence is precisely what Otto Hintze ([1929] 1975, p. 437), almost exactly a century ago, charged Sombart with fashioning in the construction of Sombart's historical narrative: the reification or personification of an almost platonic economic category that supposedly carries forward through all the various political, religious, and cultural manifestations of diverse human activity without apparent influence or substantial alteration.

Such a truncated view, Hintze argued, has to be distinguished from a genuinely cultural-historical approach to the past. The former "has an abstraction for its object," he wrote, "such as the economy, or capitalism; the other has a living human being or a unity of living human beings, such as an individual or a nation, for its object" (Hintze [1929] 1975, p. 425). With the latter idea, one can follow the reciprocal and complex influences of diverse motives in economic and political life, what Hintze called the "heterogony of purpose." In Sombart's treatment, however, all is reduced to capitalist motivations and plans from the earliest phases of capitalism to the present.

Interestingly, the same holds true for Beckert's framework as well, and it begins with his entire scheme of periodization. Beckert's primary stages of war capitalism, industrial capitalism, and postcolonialism fit almost seamlessly into Sombart's own periodization of early, high, and late capitalism. Only the names have been changed.

III. Early Capitalism in Sombart and Beckert

Both in terms of chronology and characteristics, Beckert's concept of war capitalism follows closely in the Sombartian mold. The basic contours of their arguments are virtually interchangeable. A paragraph from one set down in the corresponding parts of the other would make perfect sense.

In Beckert's (2015) chapter "Building War Capitalism," the author starts with the first successful martial expeditions into Asia, Africa, and the New World at the end of the fifteenth century, from which the "muscle of armed trade enabled the creation of a complex, Eurocentric maritime trade network" (p. 30). And he brings the period to a close around the same time in the late eighteenth century when it is said to have made way for industrial capitalism in the European homelands, the point at which England took the lead in cotton manufactures and not simply the import/export trade (p. 73).

This period closely matches Sombart's early capitalism, or *Frühkapitalismus*. Sombart (1913b, pp. 1–50; 1930a, p. 206) began his study somewhat earlier with innovations in the techniques of warfare and war finance developed in the late thirteenth century and the fourteenth century, but he concluded it in the very same period as Beckert: the late eighteenth century.

In his 1913 work *Krieg und Kapitalismus* (War and Capitalism), Sombart (1913b) was concerned with establishing the earliest organizational forms of capitalist enterprise. It was here that he focused on the combination of the uses of violence, military techniques, and martial hierarchy: "The epoch over which my presentation extends is the time from the emergence of modern armies to around the end of the 18th century. These are the years that are decisive for the development of modern capitalism, in which it gets its aim and direction, its *pubescent* years. Only for this *early capitalist epoch* do I assert the paramount importance of militarism" (pp. 14–15; emphasis added).⁴ And he went further: "Enlargement of the army and capital accumulation are definitely related processes: accumulation of qualities: expansion of the sphere of power beyond the personal, individual ability: breaking through the physical and mental barriers of the individual, etc. etc." (p. 33).⁵

Sombart elaborated on this theme over a number of subsequent works, starting with *The Quintessence of Capitalism* (*Der Bourgeois* in the

⁴ In the original German: "Die Epoche über die sich meine Darstellung erstreckt ist die Zeit seit der Entstehung der modernen Heere bis etwa zum Ende des 18. Jahrhunderts. Es sind die für die Entwicklung des modernen Kapitalismus entscheidenden Jahre, in denen er Ziel und Richtung bekommt, seine Pubertätsjahre. Nur für diese frühkapitalistische Epoche behaupte ich die überragende Bedeutung des Militarismus."

⁵ In the original German: "Heeresvergrößerung und Kapitalakkumulation sind durchaus verwandte Vorgänge: Häufung von Qualitäten: Ausweitung der Machtsphäre über das persönliche, individuelle Vermögen hinaus: Durchbrechung der leiblich-seelischen Schranken des Einzelwesen usw usw."

original German). Here he asserted that the great trading companies “may be described as semi-warlike, conquering undertakings, to whom sovereignty rights backed by the forces of the state had been granted. Put it a little differently and you may call them permanently organized bands of freebooters” (Sombart 1915, p. 73). And, he continued, “to carry on great trade, then, meant to fit out ships and arm them, engage the services of fighting men, conquer new lands, have dealings with the natives with a gun in one hand and a sword in the other, rob them of their possessions, carry back the spoil in the ships to the motherland and sell it there at auction to the highest bidder” (p. 75).

Beckert’s (2015) characterization is nearly identical: “This expansion of European trade networks into Asia, Africa and the Americas did not rest primarily on offering superior goods at good prices but on the military subjugation of competitors and a coercive European mercantile presence in many regions of the world” (p. 34). And his invocation of the privateer fits seamlessly into Sombart’s description of the freebooter: “Heavily armed privateering capitalists became the symbol of this new world of European domination as their cannon filled boats and their soldier traders armed private militias and settlers captured land and labor and blew competitors quite literally out of the water. Privatized violence was one of their core competencies” (p. 37).

But, of course, the most distinctive move of the New Historians is to focus on slavery. For Beckert, exploiting labor was the essence of the colonial plantation system, yet its true import would not be realized until the special dynamic with industrial capitalism was set in motion.

When Europe came to concentrate on factory production within its own domains, its sources of raw materials would, as Beckert (2015) argues, be supplied by enslaved labor on overseas plantations: “Once Europeans became involved in production, they fastened their economic fortunes to slavery. These three moves—imperial expansion expropriation and slavery—became central to the forging of a new global economic order and eventually the emergence of capitalism.” Or more dramatically, “The beating heart of this new system was slavery” (p. 37).

In their introduction to a collection of essays in the New Histories genre, both Beckert and Seth Rockman (2016) drive home the point of capitalism’s compatibility with slavery, noting its efficacy to the slave trader and slave owner: “In a reciprocal set of scholarly developments, historians of slavery are increasingly attentive to the institution’s economic dimensions, recognizing the entrepreneurial innovation,

‘rational’ calculation, and sophisticated coordination mechanisms that made human bondage a big business” (p. 10). But here too, Sombart preceded all the New Histories.

The primary work in which Sombart most fully presented the relationship between colonial trade and slavery is *Moderne Kapitalismus*, which first appeared in 1902 and then underwent revisions between 1916 and 1928. Two consecutive chapters developed first the idea of imperialism as “forced trade” and then slavery in the plantations, each as a distinctive aspect of early capitalism: “Finally considering that the slave trade even where it did not enjoy a legal monopoly . . . nevertheless, by virtue of its very nature, has a certain exclusive character, so we will understand how it was possible that ‘trade’ could be carried out here for centuries with enormous excess profits—that the slave trade was actually the most profitable branch of ‘trade’ that has ever existed” (Sombart 1919, p. 705).⁶

And forced trade, or *Zwangshandel*, has all the attributes of Beckert’s war capitalism. It is, wrote Sombart (1919), “what I call the procedure by means of which valuable objects are taken from someone who is incapable of judgment or will, by using cunning or force in an apparently voluntary exchange transaction. Forced trade in this sense is almost all exchange of goods between the European peoples and the primitive [*Naturvölkern*] peoples, at least in its beginnings, and in the way it was used in the founding of the European colonial economy, but also all trade with the Indian civilized peoples in the first centuries was robbery, fraud or theft” (p. 680).⁷

It is, however, in the chapter on the slave colonies, or *Sklavenkolonien*, in which the very forms of capitalist enterprise are said

⁶ In the original German: “Ziehen wir endlich in Betracht, daß der Sklavenhandel auch dort, wo er nicht eines rechtlichen Monopols genoß (was während der längsten Zeit seines Bestehens der Fall war), doch dank seiner ganzen Eigenart einen gewissen exklusiven Charakter trägt, so werden wir begreifen, wie es möglich war, daß hier jahrhundertlang mit ungeheuren Extraprofiten „Handel“ getrieben werden konnte, daß der Sklavenhandel tatsächlich der am meisten lohnende „Handels“-zweig gewesen ist, den es jemals gegeben hat.”

⁷ In the original German: “Zwangshandel nenne ich dasjenige Verfahren, mittels dessen einem Urteilsunfähigen oder Willenslosen durch Anwendung von List oder Gewalt auf dem Wege einer scheinbar freiwilligen Tauschhandlung möglichst unentgeltlich Wertobjekte abgenommen werden. Zwangshandel in diesem Sinne ist fast aller Warenaustausch zwischen den europäischen Völkerschaften und den Naturvölkern, wenigstens in seinen Anfängen und in der Art, wie er bei der Begründung der europäischen kolonialwirtschaft zur Anwendung gelangte, aber auch alle Handel mit den indischen kulturvölkern in den ersten Jahrhunderten ist Raub, Betrug oder Diebstahl.”

to have first taken shape in the extensive operations of the plantations, most especially those in the Americas, where “tobacco, coffee, cocoa, indigo and cotton were later joined as the most important products of the slave plantations” (Sombart 1919, p. 700). The sheer number of slaves in the New World was then reported, and the focus turned to the example of the United States as among the most successful and extensive slave economies (p. 701). And it is here where we find a key phase in the transition to industrial capitalism, or, as Sombart called it, high capitalism.

IV. Industrial, or High, Capitalism in Beckert and Sombart

Beckert’s war capitalism did not end sharply with the close of the eighteenth century. Its most salient aspects persisted for a time and are even seen as essential to facilitating the phase of industrial capitalism. Through “newly empowered manufacturers and a state with vastly increased capacity, industrial capitalism found a very different answer to the question of how to mobilize labor capital and markets compared to its parent, war capitalism” (Beckert 2015, p. 77), but it would nevertheless still require “war capitalism” to answer certain seemingly intractable production challenges.

Beckert’s (2015, p. 81) distinctive contribution is to observe that Europe would initially become the region of manufactures, or industrial capitalism, while its colonies, as markets and sources of raw materials, would be the last, but very much needed, bastions of slavery and war capitalism. Right here is where Beckert makes the very interesting observation that the United States would come to play the central role in capitalism’s ongoing development through its embrace of both types of capitalism simultaneously. In essence, in America, the child would grow up with the parent.

In both of these instances, however—Europe’s economic distinction from its colonies, and America’s unique combination of both stages—Sombart was already first in the field with the same basic observations. America was both the quintessential modern capitalist nation and the principal employer of slave plantations characteristic of *Frühkapitalismus* (Sombart 1915, pp. 82–83, 151–52; 1919, pp. 701–2). Moreover, within this initially European order, America would come to represent “the most perfect type” (Sombart 1915, pp. 182, 302).

For Beckert (2015), the dynamic of America’s ascendancy and centrality to the whole process was supposedly set in motion by the new technologies of production, where “factories consumed cotton so fast that *only* the exigencies of war capitalism” could meet demand.

America was able to bridge this gap because of its “peculiar combination of expropriated lands, slave labor, and . . . a state that gave enormous latitude to slave owners over their labor” (p. 117). For these reasons, American cotton planters “succeeded in turning themselves into the world’s most important growers of the industrial age’s most important commodity” (p. 119).

America’s central place in capitalism’s history thus comes to the fore in the conjoining of both the earlier and later forms of capitalism within the boundaries of one country; as Beckert (2015) contends, America was “the only country in the world divided between war and industrial capitalism” (p. 171). This set up a peculiar dynamic that imprinted itself on the later manifestations of capitalism and yet produced the tensions that would eventually lead to Civil War and the final throwing off of the parent.

But the end of war capitalism in the Southern states would not spell the end of all of its features. Rather, by “virtue of our nation’s history, American slavery is necessarily imprinted on the DNA of American capitalism. However, we are only now cataloguing the dominant and recessive traits passed down since the first enslaved Africans arrived in the British colonies that would become the United States. It is plainly obvious that the history of American capitalism is a history with slavery, yet it remains to be shown how exactly slavery is embedded within that larger story of capitalism” (Beckert and Rockman 2017, pp. 3–4).

Some of that story is taken up in *Empire of Cotton* (Beckert 2015, pp. 322–23). It is, however, a prime focus of the whole genre, which seeks to reveal American capitalism’s “central role in the world” (Beckert and Desan 2018, p. 25). This too is not original. Sombart recognized the same martial and violent holdovers of *Frühkapitalismus* in America, observing that these practices began with

the earliest undertakers in the southern states of the American union. We need only call to mind Lord Delaware, the principal participant in the Virginia company of London, established in 1606; or Lord Baltimore, the ‘founder’ of Maryland, whose desire for profits is no longer doubted; or of the eight landowners among whom we find the Duke of Albemarle, and Earl of Clarendon, Sir William Berkeley and Lord Shaftesbury, who in 1663 took possession of the land between Virginia and Florida—Carolina. All of these founded feudal undertakings based on slave labor and the semi feudal character of the capitalist plantations in the ‘Negro’ States right down to the civil war, bore testimony to the fact. (Sombart 1915, p. 83)

And then, but a few pages later, Sombart (1915) recognized America's central place in the entire capitalist edifice, observing that "the early stages of the capitalist spirit changed into the later and fully perfect stages sooner and more completely in America than anywhere else. There is conclusive evidence showing that the ideas of modern Americanism had already taken root at the beginning of the 19th century and had even as far back as that day commenced to shape life according to their own liking" (pp. 151–52).

In *Moderne Kapitalismus*, moreover, Sombart even touched on the centrality of cotton production to industrial transformation, a point made by Hintze in his 1929 review, where he noted the author's emphasis "on the invention of the cloth-printing process, which created an object of mass production for the English cotton industry and thus opened the way for large-scale operations" (Hintze [1929] 1975, p. 437).

The late stages of capitalism are similarly analogous between Beckert and Sombart. For Beckert, as for Sombart, the state has reentered the economic arena. Now governments, "in conjunction with manufactures," have "moved to the forefront in the grand project of transforming the global cotton-growing countryside, and in the process created a central role for national manufacturers and within careful limits for organized textile workers as well." Thus, in the twentieth century, "the New Deal created the agricultural adjustment administration which regulated production to match demand and provided subsidies to cotton farmers" (Beckert 2015, p. 434).

This "recourse to the state in postcolonial and postcapitalist societies," we are told, was not a return "to the war capitalism of the eighteenth and early nineteenth centuries." Rather, such "state-directed economic planning, which had claimed its first great victories in Europe's scattered imperial possessions, was by the 1950s the globe's efficient and seemingly inevitable norm" (Beckert 2015, pp. 436, 437).

With allowances for the fact that Sombart was writing in the early twentieth century, the observations are remarkably similar. In this late stage of capitalism, we are told by Sombart, "there is more external regulation of business by government (regulation of the promotion of new enterprises, labor legislation) and by labor organizations."

In 1930, when he wrote his famous entry on capitalism for *Encyclopedia of the Social Sciences*, Sombart, of course, could not have known of the Agricultural Adjustment Administration in America, but he could still see, as Beckert observed in his retrospective, a new course

in this later period as public authorities “intervened to offset the business fluctuations by withholding orders in periods of prosperity and granting them more generously in periods of depression.” And so, Sombart (1930a) speculated, this policy “will play an increasingly important role”; he concluded that “‘stabilization of business’ seems to be both the slogan and the accomplishment of this period” (p. 208).

At this point it is important to note the differences between Sombart and Beckert. *Empire of Cotton* is its own significant contribution to the literature on the development of a major industry in economic history. Sombart, like Marx before him, only noted that it became a central article of trade to the global economy, but he ranged over many other products from precious minerals and sugar to indigo and tobacco.

And where Beckert quickly narrows his focus on Africa-based slavery in relation to the early phase of war capitalism, Sombart (1919, pp. 695, 701–2) took in the whole manifestation of what he regarded as *Zwangsarbeit*, or forced labor, including compulsory forms of white servitude, though he too indicated clearly that the most fundamental and extensive of all such compulsory systems was the enslavement of Africans in the eighteenth and nineteenth centuries, with the largest concentration in the United States.⁸

Sombart was also more forthcoming than Beckert in his definition of concepts. He was far more explicit in setting out how his approach differed from other idealist or materialist interpretations. Explicitly, he was offering an alternative to both Marx and Max Weber in his particular understanding of historical context and of capitalism (Sombart 1904, pp. 18–243; Lehmann 1990, pp. 195–208; Loader 2001, pp. 635–53). A number of reviews of Beckert have observed that he seems nowhere to have given an explicit rendering of his definition of capitalism or its underlying meaning (Magness 2020, pp. 85, 87; Coclanis 2022, p. 501). Yet here I would argue the difference is more apparent than real.

Reading Sombart helps illuminate what is otherwise easy to miss in Beckert. Beckert’s idea of historical causality in capitalist development does in fact appear in the text. It is scattered about in snippets throughout his narrative. When brought together, these portions reveal

⁸ Interestingly, Sombart was wrong in his assertion that the enslaved population of the Southern US states had to be replenished by importation as late as 1830. This was true for most of the other European slave colonies in the Americas, but why Sombart extrapolated the same for the US is unclear since it was already known to have been otherwise in North America.

considerable coherence and help explain what remains consistent between the earlier and later phases of capitalism, and here too the parallels with Sombart are startling.

V. Concepts and Contexts in Sombart and Beckert

Well before Vladimir Ilyich Lenin came up with his theory of imperialism in 1916, Werner Sombart had already made his signal contribution to the discussion of the stages of capitalism.⁹ Until that time, most historical theories only addressed capitalism as a later phase of general economic change. Not even Marx or Engels had identified any clear stages *within* capitalism. This was Sombart's contribution as Hintze ([1929] 1975, p. 424) readily conceded in his review.

Sombart was the first to identify early, full (or high), and late capitalism as early as the first edition of his *Moderne Kapitalismus* in 1902. Each phase possessed certain distinctive features but was nevertheless infused with an essential character, or as Sombart's primary English translator, Mortimer Epstein, called it, a "quintessence" or logic that would persist through each stage. It was this developmental theory that Sombart outlined in his famous entry "Capitalism" for *Encyclopedia of the Social Sciences* in 1930.

The details of these historical moments were spelled out over a range of studies. These included *Die Juden und Das Wirtschaftsleben* (1911; translated as *The Jews and Modern Capitalism*—Sombart 1913a), *Krieg and Kapitalismus* (Sombart 1913b), *Der Bourgeois* (translated as *The Quintessence of Capitalism*—Sombart 1915), and *Die Drei Nationalökonomien* (The Three Forms of Economics; Sombart 1930b), followed shortly thereafter with his famous entry in *Encyclopedia of the Social Sciences*.

Pulling from each of these various texts, Sombart's logical causal linkages come into view. Early capitalism (1600–1750), high capitalism (1750 to 1918), and late capitalism (1918 to the present) are expressions of the ever intensifying calculus of the trader's mentality, with high capitalism characterized by ever more thoroughly private forms of enterprise, corporatized organizational structures, and

⁹ Indeed, Lenin was well aware of Sombart's work by 1909 and charged him with being under the spell of bourgeois consciousness because his view was not based in material Marxism: "Werner Sombart—a German bourgeois economist, a falsifier of Marxism. He tried to justify capitalism, depicting it as a harmonious planned system." That reading was driven by Lenin's (1974, p. 94n3) own ideological blinders and entirely overlooked Sombart's deep antipathy to capital and markets.

rationalized schemes of industrialization, with the increasing commodification of all aspects of labor and capital.

Commercial calculation is what the early merchant adventurers under early capitalism and the industrialists of high capitalism shared: an ability “to combine the activities of calculation and negotiation.” Nothing is left separate from the calculations of profit. Thus, Sombart (1930a) insisted, it was the ultimate trader’s mentality: “It implies a survey of all facts bearing upon the market and the recognition of their true interrelations, an accurate estimate of the significance of individual events, a correct interpretation of certain symptoms, a precise anticipation of future possibilities and finally the selection with a sure grasp of the one most advantageous combination out of a hundred possible ones. To do this the merchant must be able to see with a thousand eyes to hear with a thousand ears, to feel with a thousand antennae” (p. 202).

This conception of the merchant as the primary ideal type within a capitalist order stood in stark contrast to the more conceptually complicated assortment of both sacred and profane motivations that rested at the heart of Max Weber’s composite in *The Protestant Ethic*. In fact, Sombart explicitly developed his idea of the merchant as his specific alternative to Weber’s ideal type (Loader 2001, p. 643), and it is this to which Otto Hintze raised again the Weberian objection when he regarded Sombart’s treatment as altogether too narrow in conception and too categorical in application.

It was precisely this narrowness of view that Sombart thought imparted superior explanatory power to his model. He believed he had isolated and distilled the true historical character at the heart of capitalism itself and revealed how certain historical persons, under certain institutional circumstances, became the driving force of history.

It also meant that there was hope for taking the reins of such institutions to reshape the course of human development. Inveterately critical of all forms of bourgeois individualism, Sombart thought he had found the superior combination of ideational factors and collective historical context that held out hope for a new collective order. His view was that Marx had correctly critiqued the internal contradictions of capitalism but erred in thinking he had found a material basis for history. It was, rather, a very specific form of motivation in ideas and plans that mattered (Sombart 1930b, p. 302; Harris 1942, pp. 807–8). But also, for that reason, society was supposedly more amenable to political restructuring.

The key historical figure in Sombart's oeuvre was the merchant, and, within this category, those merchants were primary who had been compelled to survive by their relentless attention to the main chance, due possibly to political geography, as with the Florentines, or to their membership in a religion or faith outside the predominating social orthodoxy, as with the Puritan Scotch or the European Jews.¹⁰ In this way, Sombart (1930a) believed, he had identified the causal origins of specifically capitalist motivations and actions that existed within the interstices of established structures: "Here he [the merchant] discovers needy gentlemen or warlike states and offers them a loan at the right moment; there he unearths a heretofore unexploited group of laborers who will work for a few cents less. In one case it is a question of gauging the sales possibilities of a new article and in the other of accurately estimating the influence of a political event on the stock market" (p. 202). The unique historical circumstances of such calculating persons ensured that they would be precisely the ones to subject all aspects of life—that is, "all facts"—to a rigorous analysis of their profit potential; as he also wrote, the merchant would reduce "every phenomenon to a figure in his ledger" (Sombart 1930a, p. 202).

Returning to Sven Beckert's *Empire of Cotton*, what do we find? A very similar invocation of the logic of markets and of the relentless profit calculation of merchants. Specifically, it was the merchants of Liverpool who "had accumulated unprecedented wealth and influence by connecting a nascent European manufacturing complex with an ever more martial and expansive cotton hinterland."

It was precisely here, Beckert (2015) continues, where "industrial capitalism and war capitalism met, its merchants applying the logic of the former to the latter and transforming both in the process" (p. 200). "Thanks to their all-embracing dispositions," he elaborates, "the merchants of the city became the ringmasters of a globe-spanning network of cotton growing, crafting, and selling" (p. 201).

¹⁰ There is a certain ambiguity in Sombart's text. Was this trait an inclination by blood or circumstance? And what exactly did Sombart (1915, p. 215) mean by "blood"? There is reason to believe that he thought this to be predominantly a cultural factor, rather than a biological one, since he specifically references such traits or characteristics as "moral forces," which are said to "press more from within, outwardly" (p. 220). And the biological appears to refer to any external form of environmental selection. Either way, Sombart argued that the advocates of either environmental or psychological forces "will agree that the trend of history has resulted in the development of the capitalist spirit" (pp. 220–21). See also the review of the original manuscript by M. Epstein, "Review of *Der Bourgeois*," *The Economic Journal* (September 1914), 403–6.

And so, very much like Sombart how focused on the ideational over the material, Beckert (2015) notes that “the ability of merchants to organize the radical spatial rearrangements of the world’s most important manufacturing industry was as much of an invention as the more corporeal machines and novel labor organizations that dotted the globe by the 1850s” (p. 205).

And these merchants came in the same essential types designated by Sombart: “As the example of the Rallis shows, the Greek diaspora, like others—Armenian, Parsis, Jews—played an important role in global cotton trade.” And among these, certain merchants, such as the Rothschilds, occupied the critical central positions in the trades of yarn and cotton cloth (Beckert 2015, p. 233), permitting them the opportunity to craft new institutions by which to alter the course of history: “Cohesive as a class and fortified by the institutions they had built, these merchants also developed tremendous political clout from England to France to the United States. They understood early that their trade was deeply embedded within local national and global politics; they acted as if they understood instinctively that the state does not intervene in the market but constitutes it. Their daily experience had taught them that global trade did not arise in a state of nature, but only flourished via careful conscious regulation” (p. 235).

With these fascinating parallels between the two authors, one might reasonably expect some acknowledgment by Beckert of Sombart’s earlier works. But Sombart is mentioned only once—as a footnote to a discussion of institutions and only through the citation of a single secondary source (Beckert 2015, p. 516n77).

VI. Critique and Conclusion

Returning to Hintze’s review of Sombart, the very same truncation of motive is to be found in Beckert. With the definition of capitalism as a specific type of logical calculation, both authors are able to retain the appellation “capitalist” through all their various stages of development.

For Hintze, Sombart had ignored the many variegated influences evident among different national cultures, values, and faiths that had played an equally powerful role in shaping choices. In his second review of Sombart, Hintze went further to question the usefulness of reducing entire histories to one category. How historically accurate could such a reduction be in explaining the different forms and kinds of political and economic life?

“Its essence, according to Sombart,” wrote Hintze ([1929] 1975), “is the unending drive for power, for boundless expansion: it wants to

conquer, it wants to rule. This is naturally an ideal type, which is supposed to emphasize only essential features, but even as such it is not apt. *The ideal type should not become a caricature*" (p. 432; emphasis added).

And more specifically on the complex relation of diverse motives in the period of transition between early and high capitalism, Hintze chided Sombart for disregarding the powerful influences of "the exponents of the English, American, and French revolutions" whose aims had "burst into political and economic life" during this very period. "For Sombart," he observed, "their influence on capitalism is inconsequential" (Hintze [1929] 1975, p. 437). So too with Beckert.

Among the great moral forces unleashed by the revolutions cited by Hintze, certainly one of the greatest was the attack on human bondage. But few if any of the opponents of slavery are given the faintest recognition during this very same period of transition between Beckert's war capitalism and industrial capitalism, and these included some of the greatest traders in cotton itself, merchants who were also the intellectual children of Enlightenment and deeply committed to the antislavery cause.

A prime example is the Rathbones of Liverpool. While past histories often extolled William III, William IV, and Richard Rathbone for their antislavery efforts and failed to note the family's involvement with the institution, Beckert goes to the opposite extreme. *Empire of Cotton* deals exclusively with their roles as Liverpool cotton agents (Beckert 2015, pp. 62, 87, 110, 205–6, 213–14, 227, 234, 319). Nowhere does Beckert even mention their involvement in the movement to end the slave trade and slavery itself during this pivotal age of transition. Both William Rathbone III and IV and Richard Rathbone were motivated by reasons of faith and philosophy to active leadership in opposition to both the slave trade and slavery, but only their firm's profits in the market of cotton are considered worthy of note (Liverpool History Society n.d.).

As with Sombart, Beckert has converted the category of capitalism into the Procrustean bed in which all is made to fit just so. Sometimes this comes across quite humorously in the rush to achieve dramatic effect. At one point, he speaks of the state in "post-colonial and post-capitalist societies" as constituting "a sharpening of the tools and an enhancing of the methods of industrial capitalism" (Beckert 2015, p. 436). Apparently the all-encompassing Panglossian category prevails—even when it does not.

The rules of markets, of mine and thine, are only ever tools to multiple ends. As means for the dispersed coordination of highly varied individual aims, they are effective in establishing orderly patterns of exchange and communication. But like any tool, they can be applied for good or ill, especially when the state permits the misapplication of a right to include the ownership of other men. To imagine, however, that markets and something called capitalism constitutes a more extensive, all-encompassing machine, imbued with a singular logic or character, is to create, as Hintze chided, a caricature of an ideal type. Why are certain scholars forever drawn to this temptation?

Sombart was inveterately opposed to all forms of liberal bourgeois individualism, so much so that he was ready to embrace any account of economy and society that would lend credibility to a collectivist alternative. To that end, any mechanistic rendering was an appealing premise for contending that “the system” could be taken over, in very much the same way that Lenin spoke of seizing the “commanding heights.”

Sombart was among the more sophisticated of the early-twentieth-century antiliberals. Ludwig von Mises (2013) said that of all of them, “he was the more stimulating to talk to.” “At least,” he went further, “he was not . . . obtuse” (p. 71). High praise from one of the principal Continental advocates of a liberal order. It is understandable why many of the New Historians might be drawn to his ideas. But why have they not given him the credit he is due?

For all his sophistication, Sombart’s collectivism and antiliberalism led him eventually to embrace nearly any form of collectivist alternative, even inegalitarian ones, such as the National Socialists in Germany. He was not alone in this course of action. Carl Schmitt and Martin Heidegger, with whom he was well acquainted, did likewise and have fared far better among scholars on the left today, and yet Sombart’s sins were probably far less egregious.

It appears that he never actually embraced the biological racialism of the Nazis, arguing instead that the logic of German socialism could be instilled into almost anyone to become genuinely socialist and collectively German (Harris 1942, p. 808). He was also unwilling to relinquish his attachment to Marx as the principal critic who first uncovered the flaws in modern economic organization (Grundmann and Sehr 2001, p. 263).

For these and other reasons, Sombart was ultimately rejected by the Nazis and sent home, where he died intellectually isolated and

embittered in 1941, wondering how his friend Schmitt could continue engaging with such stupid company (Sombart 1991, pp. 38–39). Heidegger, on the other hand, fared better under the Nazis but has not suffered nearly so much ignominy as Sombart among present-day academics. That may well be because Heidegger was never so popular as Sombart.

Sombart's works were widely known in his lifetime. He was read by both popular and academic audiences alike, and a good many of his works were translated into English, which is why he was a natural candidate to write the entry on capitalism for *Encyclopedia of the Social Sciences* in 1930. It came as a general shock to many of his readers when his membership in the National Socialist Workers Party came to light later in the decade (Plotnick 1937, p. 43; Epstein 1941, pp. 523–26; Harris 1942, pp. 805–35; Grundmann and Stehr 2001, pp. 257–87, esp. 272–73).

But these are hardly reasons to ignore Sombart's contributions to the study of capitalism, especially when they parallel so closely one's own thesis on the core developmental stages of the phenomenon under investigation—the very specific contribution upon which Sombart's reputation was based. I can well imagine some possible scenarios to explain this oversight in Beckert's case.

As one with roots both in Germany and America, Beckert may well have purposefully avoided Sombart's work because of the powerful stigma of the era. He may simply have reinvented the Sombartian framework from a similar critical disposition to markets. This was the conclusion reached most recently by Philipp Robinson Rössner (2020, p. 73).

A second alternative is that he had read him long ago but did not realize the extent to which he had absorbed his thoughts. I have frequently found my own thinking following grooves originally laid down by Smith or Hayek or Weber, only to rediscover their source after putting pen to paper.

A third possibility is that he absorbed the influences of other writers who were themselves influenced by Sombart. Sombart's thoughts in *Der Bourgeois*, or, as Epstein titled the work in a 1915 translation, *The Quintessence of Capitalism*, were important to some of the early critical theorists, many of whom, like Erich Fromm or Friedrich Pollock, eventually found their way to the Frankfurt School of social criticism.

In any case, no citations to any of Sombart's original works are to be found in *Empire of Cotton*. Perhaps a discussion among the New

Historians as to why this is so is now in order. Be that as it may, Beckert would appear to be in the best possible position to offer a scholarly commentary on, and translation of, Sombart's *Moderne Kapitalismus*, which has for too long been neglected. Works by both Sombart's son and Friedrich Lenger stand ready to provide important background context.

Before Beckert launches any further into the implementation of what is clearly the Sombartian research program of the New Histories of Capitalism, this is the project that needs to be undertaken for the sake of both scholarly integrity and full intellectual disclosure. Beckert has both the language skills and the intellectual interest to perform this task. I for one would be a grateful reader.

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