

The Rise of Capitalism and the Principle of Freedom : Polanyi and Weber

- 1) Review Locke: Four arguments for property Rights
 - a) The Survival Argument
 - b) Labor-Mixing Argument
 - c) The Value-Added Argument
 - d) The Justice Argument
 - i) Industrious and Quarlisom
 - ii) Only those who work the land have a valid claim to it. No one else has a valid claim
- 2) Critique.....
 - a) The fruits of labor might have been deserved, but the land would have been there anyway
- 3) People's Park t was like The English "commons" and there was a Tragedy of the commons
 - a) a dilemma in which multiple individuals acting independently in their own self-interest can ultimately destroy a shared resource even where it is clear that it is not in anyone's long term interest for this to happen.
 - b) Individual short-term selfish interests are at odds with long-term group interests and the common good
- 4) Enclosures: Locke's Case for Private Property
- 5) Tragedy of the global commons
- 6) Modern Privatization of the Global Commons: New "Enclosures" (privatization)—would they help?
 - a) convert commons into private property?
 - b) Are there some parts of the commons that can't be privatized?

Explaining the The rise of the Market and Capitalism

- 1) Polanyi attacks this causal chain of economic liberal thought
 - a) Official Representations of economic reality (theories) vs. lived experience
 - b) Lived experience provides a historical description
- 2) Review: Material conditions give rise to theories of political economy
 - a) Famine
 - b) Agricultural life
- 3) Polanyi's argument
 - a) Theoretical descriptions are "fictitious"
 - b) Modern capitalism is historically unique
 - i) Not "natural"
 - ii) The Market was Imposed on society by the state on society
 - iii) Leading to the breakup of community
 - iv) Provoking a backlash against the market—a "double movement"
 - v) Markets create insecurity and people want community protection
- 4) Review: Pre-Market Societies
- 5) Embeddedness of the Economy in Society before the Market
- 6) Before the Market
 - a) Community norms shape econ. life
- 7) Review: From Community to Freedom
- 8) Forces of Transformation... moving toward a commercial revolution
 - a) The Itinerant Merchant 700-1400 → **breakdown of social hierarchies** and rise of trading class + money economy (**cash**)
 - b) Urbanization 11th century → no feudal laws applied...outside framework of social power
 - c) The Black Plague 1348-1350 → created **demand** for labor

- d) The Absolutist State 1618= 1715 → **demand** for weapons and textiles + unified domestic market
 - e) Population growth and inflation 1500-1750 → more **demand** for goods (food, clothing)
 - f) Mercantilism 1550-1900 → poor laws, industrial policy, support for merchants, efforts to create national wealth
- 9) The first large markets
- a) Opening of the Atlantic—the “New World”
 - b) Market for human beings
 - c) Market for more weapons
 - d) Addictive demand
- 10) The Result? Society is now embedded in the Market Economy
- 11) Why was there an Industrial Revolution and why was it Capitalist?
- a) Accumulation and saving
 - b) What does it mean to industrialize?
 - c) Industrialization and Capital
 - d) Capitalism?
 - i) Private property
 - ii) Where does capital come from?
 - iii) Savings (accumulation) and investment
 - e) Why?
 - i) The State (sometimes **coerced** savings—taxes, low wages) or
 - ii) Culture supplies savings: **Intentional** Delayed gratification!
- 12) The Protestant Ethic**
- 13) The cultural origin of accumulation and saving: The Protestant Ethic and Calvin**
- a) A new value
 - b) Luther and Protestantism

- i) The individual
- ii) Individual power and freedom
- c) Calvin: achievement + savings = capital accumulation
 - i) Predestination (form of theology and its challenge as a guide to behavior)
 - ii) Diligence, thrift, and a new kind of guilt: Protestant Ethic
 - iii) The Protestant Ethic and the Industrial Revolution: Guilt again!!!!
- d) Problems with the Argument