

Braudel, Capitalism, and the New Economic Sociology

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THE NEW ECONOMIC SOCIOLOGY AND ITS DOUBLE SILENCE ON CAPITALISM AND BRAUDEL

Despite the fact that capitalism tends to become the sole subject matter of economics, neither the term nor the concept has as yet been universally recognized by representatives of academic economics" (Sombart, 1951: 195). These remarks by Werner Sombart—who first introduced the concept of capitalism in the social sciences—refer to the early twentieth century. They apply with a vengeance to the late twentieth century. The statement that "capitalism tends to become the sole subject matter of economics" is certainly truer today than it was at the beginning of the century. But the representatives of academic economics use the term or the concept of capitalism even less frequently today than they did a hundred years ago.

In light of the eminently (and increasingly) metaphysical nature of academic economics, we should not be surprised by this growing discrepancy between its actual subject matter and its semantic and conceptual apparatus. Far more surprising in my view is the fact that a similar discrepancy can be observed in a subdiscipline (Economic Sociology) that emerged at the beginning of the twentieth century in reaction to the metaphysical dispositions of academic economics. Pioneered by economists strongly influenced by the German Historical School—most notably Max Weber and Joseph Schumpeter besides Sombart himself—the subdiscipline was imported into the United States in two radically different versions: Talcott Parsons' "structural-functional" version; and Karl Polanyi's "substantivist" version. For more than 40 years after its transplant in the United States, eco-

conomic sociology languished as an academic discipline, although one of the by-products of the Parsonian version (“modernization theory”) thrived in the newly created interdisciplinary field of development studies. Starting in the mid-1980’s, however, the subdiscipline experienced a sudden renaissance giving rise to what its practitioners like to call the New Economic Sociology.

The New Economic Sociology, like the old, is first and foremost a reaction to what Parsons had earlier called “The Imperialism of Economics;” that is, the tendency of economics to set itself up as the one and only truly “scientific” social science and, at the same time, to invade the domains of the other social sciences with its deductive methodology and formally rationalistic theoretical apparatus. Like the original Economic Sociology, it was also a reaction against the real or imagined “economicism” of Marxism. Whether liberal or Marxist, “economicism” is the true *bete noire* in “antithesis” to which Economic Sociology both old and new have defined themselves. In spite of the New Economic Sociology’s claims to be a revival of the old, this is the only commonality that I have been able to find between the two.

By its own admission, what makes the New Economic Sociology “new” in relation to the old is its emphasis on “networks” and “embeddedness.” Networks and embeddedness were of course present in the old Economic Sociology as well, particularly in Polanyi’s substantivist synthesis. But even in Polanyi, let alone in the earlier pioneers, they did not occupy the central position that they have come to occupy in the New Economic Sociology. The thesis that markets are embedded in social networks has been the main weapon in the New Economic Sociology’s critique of the economists’ belief in self-regulating markets as the beginning and end of all social theory.

Less recognized but more fundamental is another difference: the distinctly “micro,” “social-interactionist” approach of the New Economic Sociology in comparison with the distinctly “macro,” “social-systemic” approach of the old Economic Sociology. With rare exceptions, the networks that are investigated link individuals or small groups over relatively short periods of time. In any event, any investigation of “big structures” and “large processes,” to use Charles Tilly’s expressions (1984), lie almost completely outside the realm of the New Economic Sociology, and so does anything resembling Braudel’s *longue durée*, an issue to which I shall presently return.

Even less recognized and more fundamental is a third difference, only in part related to the first two: the disappearance from the New Economic Sociology of the central theoretical concern of the original Economic Sociology with capitalism as historical social system. The extent of this disappearance can be gauged from the references to “capitalism” in *The Handbook of Economic Sociology*, a text presented by its editors as “a general statement and consolidation of [the] accelerating work . . . in economic sociology, in all its manifestations . . . during the past ten years” (Smelser & Swedberg, 1994: vii). Although “capitalism” or the derived adjective “capitalist” appears in the title of only one of the book’s 31 chapters, according to the subject index 15 of the 31 chapters and 51 of the 797 pages refer to “capitalism.” On closer inspection, most of these references are not to “capitalism” but to what Marx, Weber, and other writers of an earlier or different tradition had to say about capitalism. In only five chapters and fourteen pages is the term “capitalism” chosen by the authors themselves as a minimally useful signifier. But if we look for something more than a passing reference to such things as “market capitalism,” “state capitalism,” “organized capitalism,” “managerial capitalism” and the like, the count drops to a single reference in an almost 800-page book. The reference reads:

Labor markets have formed chiefly under capitalism, the system of production in which holders of capital, backed by law and state power, make the crucial decisions concerning the character and allocation of work (Tilly & Tilly, 1994: 286).

I have dwelt on the New Economic Sociology and its silence on “capitalism” for three main reasons. First, among the disciplines and subdisciplines of the social sciences as practiced in the United States (leaving aside work carried out at Binghamton University’s Fernand Braudel Center) economic sociology seems to me the most likely interlocutor of Braudel’s work. The fact that it has almost completely ignored Braudel’s work is in itself a measure of the lack of valid or valuable interlocutors for that work among U.S. social scientists. Secondly, in my view the reasons for the New Economic Sociology’s lack of interest in Braudel’s work are pretty much the same as those for its silence on capitalism as historical social system. Understanding the latter is essential to understanding why Braudel has failed to find valid or valuable interlocutors among U.S. social scientists. Finally, and closely related to the above, it is my conviction that the New

Economic Sociology, or for that matter the social sciences in general, can learn to speak meaningfully about capitalism as historical social system only by coming to terms with Braudel's notion of *longue durée* and his implicit theory of historical capitalism. Let me deal briefly with each of these three points.

On the first point there is not much to say other than check once again *The Handbook of Economic Sociology* for references to Braudel. According to the name index, only 4 of the 31 chapters and 7 of the 797 pages have references to Braudel. One of these is a mere reference to Braudel as an authority on a specific historical fact. That leaves three two-page references to Braudel's ideas: one to Braudel's attempt to link Western civilization to world capitalism (Hamilton, 1994: 188–89); another to Braudel's skepticism about the possibility of developing a single theory capturing the essence of all markets that have existed historically (Swedberg, 1994: 255–56); and yet another to Braudel's concept of “world-economy” as one approach among others to understanding the relationship between trade, transport, and the spatial distribution of human activity (Irwin & Kasarda, 1994: 355–56). With the partial exception of the third—which occurs in the context of an open-ended survey of the literature on a specific topic—none of these references consists of serious engagements in a dialogue or conversation with Braudel. The use of Braudel is strictly one-sided, instrumental, and accidental. And of course this concerns the small minority of economic sociologists who at least use Braudel. The vast majority just ignores him.

The double silence of the New Economic Sociology on “capitalism” and on Braudel has a single root: its distinctly “micro,” “social-interactionist,” event- or at most conjuncture-oriented approach to economy and society. The great contribution of Braudel to the social sciences is to have shown that capitalism can be understood only through a “macro,” “structural,” and *longue-durée*-oriented approach. Having abandoned such an approach—in line with a more general tendency of the social sciences—the New Economic Sociology has forfeited its capacity both of speaking meaningfully about capitalism as historical social system and of appreciating the theoretical significance of the Braudelian reconstruction of such a system.

This brings me to the third and most important point—the contention, that coming to terms with this reconstruction is a necessary condition for the New Economic Sociology and the social sciences more generally to learn to speak meaningfully about capitalism. This

contention is largely based on my own experience in dealing with historical capitalism through a dialogue with Braudel. This is an ongoing dialogue that has so far materialized in two books (Arrighi, 1994; Arrighi & Silver et al., 1999) and several published and unpublished papers (especially Arrighi, 1998; 1999; Arrighi, Hui & Hung, 1999) on the development of world capitalism as historical social system. It is a dialogue that has also led me to reread in an altogether new light some of the classic texts of the old Economic Sociology and discover in them useful complements and supplements to Braudel's reconstruction of historical capitalism. In what follows, I shall first sketch what I found most useful in Braudel for my own reconstruction of historical capitalism. I shall then try to show that the most promising way for the New Economic Sociology to learn to speak about capitalism is to enter into a dialogue with Braudel's work.

BRAUDEL ON CAPITALISM

Braudel's most crucial contribution to our understanding of capitalism as historical social system rests on three closely related claims. The first is that the essential feature of historical capitalism over its *longue durée*, that is, over its entire lifetime, has been its "flexibility" and "eclecticism" rather than the concrete forms it assumed at different places and at different times. The second claim is that, world-historically, the financial rather than the commercial or industrial arenas has been the real home of capitalism. And the third is that the identification with states rather than markets is what has enabled capitalism to triumph in the modern era.

For what concerns the first claim, Braudel strongly emphasizes that "unlimited flexibility" and "capacity for change and adaptation" seem to him the most essential features of the general history of capitalism. "If there is, as I believe, a certain unity in capitalism, from thirteenth-century Italy to the present-day West, it is here above all that such unity must be located and observed" (1982: 433). In certain periods, even long periods, capitalism did seem to "specialize," as in the nineteenth century, when "[it] moved so spectacularly into the new world of industry." This specialization led many "to regard industry as the final flowering which gave capitalism its 'true' identity." But this is a short-term view.

[After] the initial boom of mechanization, the most advanced kind of capitalism reverted to eclecticism, to an indivisibility of interests so to speak, as if the characteristic advantage of standing at the commanding heights of the economy, today just as much as in the days of Jacques Coeur (the fourteenth-century tycoon) consisted precisely of *not* having to confine oneself to a single choice, of being eminently adaptable, hence non-specialized (1982: 381; emphasis in the original; translation amended as indicated in Wallerstein, 1991: 213).

Although the emphasis here is on rejecting the practice still predominant among Marxists and Weberians alike of identifying capitalism with industrialism, Braudel's remarks apply also to the identification of capitalism with commerce. This is evident from his second claim that what today we call the "financialization of capital," far from being a newborn child of the early (let alone late) twentieth century, has been a constant of capitalist history.

Hilferding . . . sees the world of capital as a range of possibilities, within which the financial variety—a very recent arrival as he sees it—has tended to win out over the others, penetrating them from within. It is a view with which I am willing to concur, with the proviso that I see the plurality of capitalism as going back a long way. Finance capitalism was no newborn child of the 1900's; I would even argue that in the past—in say Genoa or Amsterdam—*following a wave of growth in commercial capitalism and the accumulation of capital on a scale beyond the normal channels for investment*, finance capitalism was already in a position to take over and dominate, for a while at least, all the activities of the business world (Braudel, 1984: 604; emphasis added).

The point is elaborated further in Braudel's discussion of the withdrawal of the Dutch from commerce around 1740 to become "the bankers of Europe." A withdrawal of this kind, suggests Braudel, is a recurrent world-systemic tendency. The same tendency had already been in evidence in fifteenth-century Italy, and again around 1560, when the leading groups of the Genoese business diaspora gradually withdrew from commerce to exercise for about 70 years a rule over European finances comparable to that exercised in the twentieth century by the Bank of International Settlement at Basle—

“a rule that was so discreet and sophisticated that historians for a long time failed to notice it.” After the Dutch, the tendency was replicated by the English during and after the Great Depression of 1873–96, when the end of “the fantastic venture of the industrial revolution” created an overabundance of money capital (Braudel, 1984: 157, 164, 242–43, 246).

After the equally fantastic venture of so-called Fordism-Keynesianism, U.S. capital since the 1970’s has followed a similar trajectory. Braudel does not discuss the financial expansion of our days, which gained momentum in the 1980’s, that is, after he had completed his trilogy on *Civilization and Capitalism*. Nevertheless, we can easily recognize in this latest “rebirth” of finance capital yet another instance of that recurrent reversal to “eclecticism” which in the past has been associated with the maturity of a major capitalist development. “[Every] capitalist development of this order seems, by reaching the stage of financial expansion, to have in some sense announced its maturity: it [is] *a sign of autumn*” (Braudel, 1984: 246, emphasis added).

Braudel’s characterization of “financial expansion” as a symptom of maturity of a particular phase of capitalist development is closely related to his conceptualization of capitalism as the top layer of a three-tiered structure. The lowest and until very recently broadest layer is that of an extremely elementary and mostly self-sufficient economy. For want of a better expression, Braudel called this the layer of *material life*, “the stratum of the non-economy, the soil into which capitalism thrusts its roots but which it can never really penetrate” (1982: 21–22, 229).

Above [this lowest layer], comes the favoured terrain of the *market economy*, with its many horizontal communications between the different markets: here a degree of automatic coordination usually links supply, demand and prices. Then alongside, or rather above this layer, comes the zone of the *anti-market*, where the great predators roam and the law of the jungle operates. This—today as in the past, before and after the industrial revolution—is the real home of *capitalism* (Braudel, 1982: 229–30, emphasis added).

As Braudel underscores, the top layer that constitutes “the real home of capitalism” is less transparent and less explored than the intermediate layer of the market economy. The transparency of the

activities that constitute the layer of market economy and the wealth of data (particularly quantitative data) that these activities generate, have made this intermediate layer the “privileged arena” of historical and social scientific inquiry. The layers below and above the market economy are instead “shadowy zones” (*zones d’opacité*). The bottom layer of material life is “hard to see for lack of adequate historical documents.” The upper layer, in contrast, is hard to see because of the actual invisibility and complexity of the activities that constitute its substance (Braudel, 1981: 23–24; Wallerstein, 1991: 208–09).

At this exalted level, a few wealthy merchants in eighteenth-century Amsterdam or sixteenth-century Genoa could throw whole sectors of the European or even world economy into confusion, from a distance. Certain groups of privileged actors are engaged in circuits and calculations that ordinary people knew nothing of. Foreign exchange, for example, which was tied to distant trade movements and to the complicated arrangements for credit, was a sophisticated art open only to a few initiates at most. To me, this second shadowy zone, hovering above the sunlit world of the market economy and constituting its upper limit so to speak, represents the favored domain of capitalism. . . . Without this zone, capitalism is unthinkable: this is where it takes up residence and prospers (Braudel, 1981: 24).

And this, of course, is where capitalism has once again taken up residence and prospered in the 1980’s and 1990’s, throwing whole sectors of the global economy into confusion from a distance. We shall later return to the disruptive effects and fundamental instability of historical capitalism in its recurrent phases of financial expansion. For now, however, let us briefly examine Braudel’s third claim concerning the long-term vitality of historical capitalism. This is the claim that capitalism has prospered over the centuries because of its identification, not with the transparency of the market economy, but with increasingly powerful states.

Capitalism only triumphs when it becomes identified with the state, *when it is the state*. In its first great phase, that of the Italian city-states of Venice, Genoa, and Florence, power lay in the hands of the moneyed elite. In seventeenth-century Holland the aristocracy of the Regents governed for the

benefit and even according to the directives of the businessmen, merchants, and money-lenders. Likewise, in England the Glorious Revolution of 1688 marked the accession of business similar to that in Holland (Braudel, 1977: 64–65; emphasis added).

And has not “business” been the business of the U.S. government, not just in the 1920’s under Coolidge, but also and especially in the 1980’s and 1990’s under Reagan, Bush, and Clinton? Is not the United States governed for the benefit and even according to the directives of corporations, private financial institutions, and moneyed elites? To be sure, in twentieth-century United States—as in the Italian city-states, in seventeenth-century Holland and in eighteenth- and nineteenth-century England—the interpenetration of state and capital has been recurrently challenged and subject to ups and downs. But in each instance, including the United States, at no time was the interpenetration more evident than in the course of the financial expansions that marked both the “triumph” and the “autumn” of capitalism at every stage of its development as world-historical social system.

Although Braudel does not make the point explicitly, there is an important difference between his second and third claim concerning the general history of capitalism. The second and third claims are both consistent with the first that unlimited flexibility and capacity for change and adaptation are essential features of historical capitalism. Nevertheless, the second claim emphasizes continuity/recurrence, whereas the third emphasizes change/evolution. More specifically, the recurrence of financial expansions signals the *conjunctural* flexibility and capacity for change and adaptation of historical capitalism. Whenever, the accumulation of capital proceeds “on a scale beyond the normal channels of investment,” the leading agencies of capitalist development tend to withdraw from industry/commerce to engage in financial intermediation and speculation. The identification of capitalism with states of increasing size and complexity, in contrast, signals its *structural* flexibility and capacity for change and adaptation. The states with which capitalism becomes identified at each stage of its development as world-historical social system are quite different constructs than the ones it had become identified with at earlier stages.

Taken jointly, Braudel's three claims concerning the essential features of historical capitalism reveal immediately the difficulties involved in analyzing and theorizing or even just speaking meaningfully about the phenomenon. Not only is the real home of capitalism a "shadowy zone." Not only is capitalism sometimes *at* home (as in the course of financial expansions) and sometimes *away* from home (as when it plunges massively into trade and production). On top of all that, it becomes identified with states of ever-changing form and substance. No wonder that economic sociologists focusing on specific places and specific times find it hard to turn capitalism into a meaningful object of analysis.

Thus, in introducing the problems that development theory faces in the 1990's, Douglas Kinkaid and Alejandro Portes appeal to Jean Baudrillard's dictum that "in this 'capitalist' society capital can never actually be grasped in its present reality"—"it always stays a length ahead" of the critics who try "to run after it. . . . Capital cheats. It doesn't play by the rules of critique."

While not directed precisely at the field of development studies, Baudrillard's caustic commentary aptly portrays its contemporary dilemmas. As we near mid-point in the last decade of the twentieth century, it is apparent that the world of nations is at once integrated economically and socially to an unprecedented extent, and yet beset by fundamentally and increasingly disparate conditions of national existence and prospects for change (Kinkaid & Portes, 1994: 1).

From a Braudelian perspective, the problem is not that capitalism "cheats." Rather, it is that critics and observers generally fail to adopt the spatial-temporal horizon needed to grasp the rules of the capitalist game and the ever-changing combination of disparate local conditions under which the game is played out. No matter how many of these local conditions we analyze severally and comparatively, the rules of the capitalist game will remain beyond our grasp. For the first and most important of these rules from beginning to end has been precisely a continual reshuffling of the locales and sectors with which capitalism becomes temporarily and instrumentally identified.

TOWARDS A THEORY OF CAPITALIST HISTORY

In seeking reasons for Braudel's failure to find valid/valuable interlocutors in U.S. social science, his tendency to privilege description over theory immediately comes to mind. The idea that Braudel was a great historian but a poor theorist is a commonplace that I often heard even in Binghamton's Braudelian enclave. Even if this were a true and meaningful statement—though I doubt that it is either—it would be no excuse for not taking seriously Braudel's account of capitalism as world-historical social system. As Michel Morineau has underscored in responding to Cheng-chung Lai's dismissal of Braudel on the ground that he did not base his work on an adequate theoretical model, it is not clear what model Braudel should have trusted since theories of political economy have cap-sized so many times, forcing theorists "to re-do their calculations at every crisis, expressing sometimes repentance and sometimes unanswerable truisms" (1997: 629–30). Indeed, what theoretical model should Braudel have trusted—we may add paraphrasing Sombart—when the silence on capitalism of the social sciences in general and of economics in particular has grown in direct proportion to the extent that capitalism has become the sole subject matter of economics?

Economics, notes Morineau, "has not been able to throw light on the future, nor has it managed to provide the key to changes that took place in the past," because it "developed from intuitions that were 'genial' but from the start ill-adapted to real situations and, owing to the force of circumstances, became more and more ill-adapted as the years pass by."

And so the first task is to . . . establish what has been and what the present is. Knowledge of the laws of astrophysics does not exempt one from peering at the sky. Fernand Braudel's book is the equivalent of a historical-geographical map of economic life. It fulfills an essential function. I am sure that the resolution—in the optical sense of the term—is not yet brought into focus, and I share Cheng-chung Lai's hope for elucidation of the mechanisms—both now and in their development. It does not seem to me impossible *a priori* to approach them. However, one will reach them only by impugning obsolete economic theories, the historians' reflex in

bowing down before magical formulae and their cosy refuge in studying a narrow event in a narrow time span and within a narrow geographical area. Thus the merit of *Civilisation matérielle, économie et capitalisme* may lie in . . . stimulating . . . a real dialogue among historians, economists, sociologists, in a tightening up of research and a better grasping of issues; in short, the pursuit of a grand design (Morineau, 1997: 630).

This brings us back to the question of why Braudel's work has failed to stimulate such a dialogue even among the practitioners of the New Economic Sociology. For not only do these practitioners fully subscribe to the contention that economic theory is ill-adapted to real situations. In addition, they pride themselves of fighting the imperialism of the "clean" but unrealistic models of theoretical economics with data-driven, "dirty-hands" interpretative models (Hirsch, Michaels & Friedman, 1990: 41–42, 46). And yet, this empiricist disposition has done nothing to bring the New Economic Sociology into a dialogue with Braudel's work.

The problem, I suspect, lies in the difficulties involved in the kind of world-historical analysis that according to Braudel is essential to an understanding of the capitalist dynamic. Thus, commenting on *Civilization and Capitalism*, Tilly strikes a pessimistic note regarding the possibility of following into Braudel's footsteps.

If consistency be a hobgoblin of little minds, Braudel has no trouble escaping the demon. When Braudel is not bedeviling us with our demands for consistency, he parades . . . indecision. Throughout the second volume of *Civilisation matérielle*, he repeatedly begins to treat the relationship between capitalists and statemakers, then veers away. . . . Precisely because the conversation ranges so widely, a look back over the third volume's subject matter brings astonishment: The grand themes of the first volume—population, food, clothing, technology—have almost entirely disappeared! . . . Should we have expected anything else from a man of Braudel's temper? He approaches a problem by enumerating its elements; fondling its ironies, contradictions, and complexities; confronting the various theories scholars have proposed; and giving each theory its historical due. The sum of all theories is, alas, no theory. . . . If Braudel could not bring off the coup, who could? Perhaps someone else will succeed in writing a "total

history” that accounts for the entire development of capitalism and the full growth of the European state system. At least for the time being, we are better off treating Braudel’s giant essay as a source of inspiration rather than a model of analysis. Except with a Braudel lending it extra power, a vessel so large and complex seems destined to sink before it reaches the far shore (Tilly, 1984: 70–71, 73–74).

Tilly’s recommendation is that we deal with more manageable units of analysis than entire world systems. The more manageable units he prefers are the components of particular world systems, such as networks of coercion that cluster in states and networks of exchange that cluster in regional modes of production. By systematically comparing these components, we may be able “to fix accounts of specific structures and processes within particular world systems to historically grounded generalizations concerning those world systems” (Tilly, 1984: 63, 74).

Knowledge about components is of course essential to an understanding of the totality. But no matter how much knowledge we acquire about the components, we shall fail to grasp the most essential feature of the capitalist game if, as Braudel claims, that feature consists of a continual reshuffling of the components with which the key capitalist players become temporarily and instrumentally identified in their ceaseless pursuit of profit. Comprehending this process of ceaseless change and adaptation also requires an analysis of networks of coercion and exchange that cluster in specific states and markets, as Tilly recommends. But the particular networks that we analyze must be selected because of their centrality in processes of capitalist expansion at the level of the *system* of states and markets as a whole, rather than at the level of individual states and markets. In making this selection, Braudel’s historical-geographical map of world capitalism seems to me not just a useful but an indispensable starting point.

More specifically, Braudel’s notion of financial expansions as the closing phase of major capitalist developments enables us to break down the development of world capitalism into distinct cycles, each consisting of a phase of material (that is, commercial-industrial) expansion followed by a phase of financial expansion. These cycles—which I have called “systemic cycles of accumulation”—are centered on (indeed engendered by) the activities of the particular govern-

mental-business complexes that according to Braudel have led the world capitalist *system*, first towards the material and then towards the financial expansions that jointly constitute the cycles—the Genoese-Iberian complex in the long sixteenth century, the Dutch complex in the long seventeenth century, the British complex in the long nineteenth century, and the United States complex in the long twentieth century. It follows that by investigating the networks spun by these complexes we elucidate the properties, not just of these specific networks, but also of the expanding world capitalist system (Arrighi, 1994; Arrighi & Silver et al., 1999; Arrighi & Moore, 2001).

Braudel's work is less useful when we start looking for plausible and consistent explanations of the patterns of recurrence and evolution that it brings to our attention. Braudel does indeed describe more than he theorizes. This does not mean, however, that Braudel's descriptions lack theoretical foundations or that we would have been better off if Braudel had described less and theorized more. All it means is that in uncovering the implicit theoretical foundations of Braudel's work and in explaining the patterns that Braudel describes, we are pretty much on our own.

Although theoretically Braudel is as eclectic as the capitalism he describes, it is not true that in his case the "sum of all theories is . . . no theory," as Tilly claims. For underlying his account of capitalism we can detect a theoretical construct that has many lineages but also some striking affinities with very solid theoretical frameworks. The most striking of these affinities is with Schumpeter's *The Theory of Economic Development* (1961 [1911]). Although to my knowledge no one (Braudel included) has so far noticed it, a close parallel can be established between Braudel's and Schumpeter's conceptualization of capitalism in relation (and in opposition) to a market economy. Terminologies differ but the concepts are much the same.

Braudel's concept of "market economy" ("with its many horizontal communications between the different markets" and "a degree of automatic coordination usually [linking] supply, demand and prices" [1982: 229–30]) corresponds to Schumpeter's concept of "the circular flow of economic life." Once established, this circular flow "leaves no gaps between outlay or productive effort and the satisfaction of wants. Both are . . . automatically synchronized" (Schumpeter, 1961: 38). Somewhere in the circular flow "a demand is, so to say, ready awaiting every supply, and nowhere in the [flow] are these commodities without complements" (Schumpeter, 1961: 8).

The individual household or firm acts . . . according to empirically given data and in equally empirically determined manner. . . . To each contribution there corresponds somewhere in the system a claim of another individual. . . . And since all know from experience how much they must contribute in order to get what they want, having regard to the condition that each share involves a certain contribution, the circular flow of the system is closed, and all contributions must cancel out, whatever the principle according to which the distribution is made (Schumpeter, 1961: 8–10).

In this economy of transparent and automatic coordination of demand and supply, capital and capitalism are no less at home than in Braudel's market economy. For Schumpeter, as for Braudel, capitalism is the "anti-market" in the sense that it can only exist and prosper through a continual disruption from a distance of the circular flow of economic life. His "capitalist economy" is "[t]hat form of economic organization in which the goods necessary for new production are withdrawn from their settled place in the circular flow by the intervention of purchasing power created *ad hoc*." Capital is nothing but *this* purchasing power—not purchasing power in general, but purchasing power created and used specifically for the purpose of destroying an existing circular flow and creating a new one in view of a profit. Hence, the money/capital market "is always, as it were, the headquarters of the capitalist system, from which orders go out to its individual divisions" (Schumpeter, 1961: 116–26).

Along with these and other affinities, there are also many discrepancies between Schumpeter's ideo-typical construct and Braudel's historical construct. It is not clear, however, which construct would gain more from mutual elucidation. While Braudel's construct would undoubtedly gain in consistency and clarity, Schumpeter's construct would gain at least as much in concreteness and historicity.

Similar considerations apply to any systematic mobilization of the theoretical repertoire of the social sciences that we may want to undertake in order to explain what Braudel describes but does not explain. Thus, Marx's theory of overaccumulation crises, as well as Weber's thesis that interstate competition for mobile capital constitutes "the world-historical distinctiveness of the [modern] era" (Weber, 1978: 354), are in my view very useful in explaining the recurrence of lengthy periods of financial expansion and the emer-

gence in the course of such expansions of ever more powerful complexes of governmental and business organizations capable of leading world capitalism towards a new material expansion (Arrighi, 1994: 220–38; Arrighi & Silver et al., 1999: 31–35). Through the mobilization of these and other theories, we can explain what remains unexplained in Braudel. But again, the theories themselves will greatly gain in historicity and concreteness.

In short, Braudel's work offers many opportunities for social scientists in general and economic sociologists in particular to show their worth in theorizing the historically relevant rather than the irrelevant, that is, precisely where one would expect their "comparative advantage" to lie. Above all, it offers a golden opportunity for economic sociologists to learn to speak meaningfully about and eventually theorize historical capitalism. Roland Barthes once wrote that a potent surreptitious power came from that which could not be named. By refusing to name capitalism, academic economics buttresses the surreptitious power that capitalism derives from masquerading as market economy. A dialogue with Braudel is the surest way of uncovering what capitalism has really been and is.

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