

HISTORY AND PHILOSOPHY OF ECONOMICS

Progressive Business: An Intellectual History of the Role of Business in American Society

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In writing about the history of American business, it is easy to identify pro- and anti-market forces. At times, however, such a view unfortunately leads to a simplistic dichotomy between *laissez-faire* liberals on the one hand, and progressive regulators, labor unions, and socialists on the other hand. Christiansen argues for a third category of interpretation. He sees “market reformism” as a strand of thought running through the history of American capitalism from at least 1870 forward. Market reformism (which he also calls “progressive business”), he argues, has always been an alternative to state regulation and labor unions.

Market reformism, in Christiansen’s view, consists of different things at different times, but is united in its combination of a moderate defense of capitalism with a critique of the market’s immoral excesses and social dislocations. Market reformism supports socially conscious, gentle capitalism. It aims at internal reform of business, defends a stakeholder view of the corporation, and is ambivalent about the profit motive.

From Karl Polyani, Christiansen inherits the theory that holds his argument together; namely, that there exists a dialectic between marketization and social protections. As the market expands, the need for market actors to take responsibility increases. This serves as a push and pull, or give and take, along a path of progress. He accepts Thomas Piketty’s views of inequality without challenge, and relies heavily on the work of Howard Brick, who has written on mid-twentieth century views of a postcapitalist order.

Christiansen identifies three periods of market reformism. From 1870 to 1900, the United States witnessed a sort of paternalist strand of industrial capitalism. He cites examples such as cooperative movements, profit sharing, industrial betterment, and welfare work. Later in this first chapter, he also notes that ideas of Christian responsibilities in business had an influence on society. In this chapter, Christiansen might be overstating the role of social Darwinism in late nineteenth-century justifications of American capitalism. He also could have incorporated the history of voluntary organizations, such as private and ethnic charities, that were also important in easing the transition to industrial capitalism.

Christiansen moves quickly through the period of “welfare capitalism” from 1900 to 1930, and presents chapters two and three on the managerial capitalism of the 1930s through 1970s. In this era, market reformists encouraged managers to consider balancing workers’ needs and social needs with profits. To this end, they conceived of organizations as social institutions integrated into society. Christiansen focuses here on the views of organizational theorists Chester Barnhard, Elton Mayo, and particularly Peter Drucker. One of Drucker’s views, we learn, was that there should be a corporate tax to create an employment fund to be used during economic slumps to “make capital productive again” (80). This, Drucker argued, would be a built-in safeguard against unemployment.

In the final period, from the 1970s to the present, corporations wished to be seen as good global citizens. As Christiansen tells it, as corporations went global, they went green. Capitalism was victorious, and with its expanded powers came increased needs for moral responsibility.

Christiansen is fairly negative about the Gilded Age (it was a period of “unprecedented inequality, mass poverty, and social despair,” he says), quite positive about the period of managerial capitalism, and rather optimistic about the application of market reformism to present-day global capitalism.

To his credit, Christiansen does not explicitly argue for or against the normative rightness of markets. This is not as ideological a book as it could have been. It is solidly written, but dense and much longer than it need be. In some sections, it seems that Christiansen is not so much marshaling primary source evidence in favor of an argument but rather summarizing the views of others in encyclopedic form. Parenthetical citations betray this book as a work of sociology, but it is a reasonable historical study as well.

Christiansen is correct that there has been an “alternative route between laissez-faire and increased powers of labor unions and governments” (50). His contribution is to reconceptualize the ideological battleground in American business history. In his view, there are three groups: those who called for regulation from the state, those who called for regulation from within, and those who called for no market regulation at all.

In history writing, there is an old division between lumpers and splitters. Sociological lumping, or concept formation, of Christiansen’s kind, runs into trouble if its concepts do not have clear and well-defined boundaries. Christiansen’s “market reformism” is a rather broad and amorphous category. Christiansen certainly overstates the distinction between free-market liberals and market reformers. In his view, the former seem to be crass utility-maximizers, the latter socially responsible citizens. Of course, it is perfectly

possible to believe in free markets and the autonomy of corporations and at the same time encourage moral responsibility in business. Some of the market reforms mentioned in the book, meanwhile, seem to require the cooperation of the state.

The book would be stronger if it defined liberalism more clearly. Christiansen applies the term *neoliberal* to free-market views as early as the 1930s and 1940s and subsumes under the term Ludwig von Mises, Friedrich Hayek, Milton Friedman, and Ronald Reagan, among others. The distinction between liberalism and neoliberalism, according to Christiansen, is that the latter “acknowledges the role of the state in creating markets” (9). Now, in this sentence, the term *acknowledges* is certainly ambiguous. Surely Christiansen does not mean to use *acknowledge* in the sense that one merely recognizes or admits the existence of the role of the state in creating markets? He must mean “to accept” the role of the state in creating markets. If this is the case, however, I wonder to what extent this statement is true: are neoliberals more welcoming of state interference in markets than classical liberals are? Was Hayek more accepting of state intervention than John Stuart Mill? These questions highlight the ambiguity in the book’s categories.

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Markets and Marketplaces in Medieval Italy, c.1100 to c. 1440

Dennis Romano

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“Our weights neither deceive nor are deceived. When I weigh merchandise, God also weighs me.” These words are taken from a sixteenth-century motto inscribed above the customs house at Dubrovnik, but as Dennis Romano notes in his *Markets and Marketplaces in Medieval Italy*, they apply very much to the art and sentiments of the late medieval and early Renaissance cities of Italy that are the subject of his book. Romano presents the reader with an elaborate investigation of the nature of markets and marketplaces of Italy in this era and draws a number of fascinating conclusions about them. Chief among them is a refutation of the notion that these early markets were centers of a proto-Adam Smith-style *laissez-faire* capitalism, full of rational actors making economic calculations independently of moral concerns. Rather, these early Italian markets were anything but morally neutral spaces, and trade in them reflects tensions among merchants, clergy, and public officials—among concerns of profit, salvation, and the common good. The breadth of Romano’s study is matched by the use of his sources, which include art and visual images (the book is extensively supplied with illustrations, many of them in color), legal statutes, trade records, merchants’ accounts, sermons, and even poetry. Along the way, Romano takes the reader on a journey through the rich world of medieval Italian markets and draws some conclusions that may prove to be of interest to the modern reader.