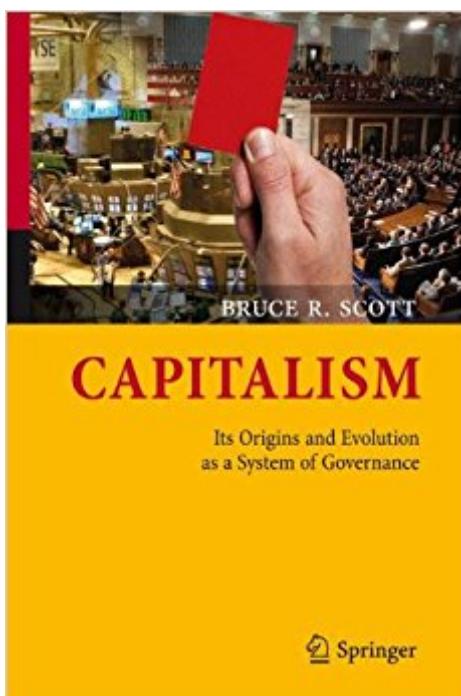


The book was found

Capitalism: Its Origins And Evolution As A System Of Governance



Synopsis

Two systems of governance, capitalism and democracy, prevail in the world today. Operating simultaneously in partially distinct domains, these systems rely on indirect governance through regulated competition to coordinate actors; inevitably, these systems influence and transform each other. This book rejects the simple equation of capitalism with markets in favor of a three-level system, a model which recognizes that markets are administered by regulators through institutions and governed by a political authority with the power to regulate behavior, punish transgressors, and redesign institutions. This system's emergence required the sovereign to relinquish some power in order to release the energies of economic actors. Rather than spreading through an unguided natural process like trade, capitalism emerged where competitive pressures forced political authorities to take risks in order to achieve increased revenues by permitting markets for land, labor, and capital.

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Customer Reviews

Professor Scott presents the development of capitalism as a political process, the result of conflicts among social actors, with capitalists and government officials as the main actors. While focused on the United States, this book has the great merit of showing that American capitalism was a contingent and not inevitable outcome, and that different balances of forces and different circumstances created distinct varieties of capitalism in other countries and historical moments. This book's insights deserve careful consideration from historians, social scientists, and all

those who address economic issues in the political realm. Richard Lachmann, Professor of SociologyCollege of Arts and SciencesUniversity at Albany

Two systems of governance, capitalism and democracy, prevail in the world today. Operating in partly overlapping domains, these systems influence and transform each other, but the nature of this interaction is often misunderstood -- largely because capitalism has not been recognized as a system of governance. Rejecting the simple definition "capitalism = actions of firms in markets," Harvard's Bruce R. Scott offers instead a conception of capitalism as a three-level system akin to organized sports, in which games (markets) are conducted according to rules administered by referees (regulators), which in turn are shaped and directed by sports' governing bodies (political authorities). Tracing the evolution of capitalism from a variety of perspectives, Scott shows how governance has always been key to the system. Historically, capitalism was not a natural outgrowth of trade; it could not have emerged without political authorization for the creation of markets for land, labor, and capital. Urgently needing funds for military defense, regimes ceded some power to a new class of economic actors, spelling out their rights and responsibilities with corporate charters. The United States Constitution was anomalous in reserving to individual states the power to grant such charters, with the result that states compete to offer firms the least regulation. The Constitution also gave exceptional powers to the Supreme Court, which has interpreted the Constitution as mandating laissez-faire policies. It is impossible to adequately understand capitalism without understanding the role played by governance. This book challenges the notion of a "universal" model of capitalism, particularly one based on the US system, and illuminates the broader frameworks upon which markets depend.

Part I: The Concept of Capitalism:Describing the elephant: So, what is "capitalism," anyway? For two centuries, whole library shelves have been filled with efforts to answer that question. However, there is evidently always so much left unexplained. Theorists resemble at best the blind men describing the elephant by the part they find themselves examining. Bruce R. SCott demonstrates conclusively one major shortcoming of most efforts. The focus is too narrow. It inevitably leaves out much of the elephant. Scott provides a scholarly explanation of the inherent ineptness of narrowly focused modern economics and its mathematical versions. Government and private institutions and political policy sometimes facilitate and sometimes hinder market mechanisms and do much that is destructive or absolutely necessary. Only with the broader interdisciplinary scope of political economy, including sociology, law, political science and institutional administration, can valid

explanations be developed for such vital phenomena as 1) economic growth or decline, 2) the business cycle, 3) the underperformance of many social democratic economic systems, and 4) the many failures of economic development policy. The Futurecasts book review at [...] covers a sampling of other issues raised by Scott that cannot be adequately analyzed within the narrow focus of modern economics, including 1) market disciplinary mechanisms and administered alternatives, 2) financial oligarchs, 3) Constitutional constraints on federal economic policy, 4) stakeholder capitalism, 5) how markets are "tilted," 6) industrial policy, 7) abuse of the economic commons, 8) government enterprises, and 9) competition in political markets. As might be expected, the author and Futurecasts have some agreements and some disagreements on these issues. However, Scott's book is clearly the most important book Futurecasts online magazine has reviewed in its dozen year history. It is scholarship at its rigorous best. With impeccable logic, Scott raises interdisciplinary issues of fundamental importance that economists must address or risk irrelevance.

Indirect governance through regulated competition: The capitalist system is characterized by Scott as "indirect governance through regulated competition" both in economic and political markets. Scott explains the interdependence of the political and economic markets and how they influence each other. Competitive economic markets provide economic discipline and accountability through the trading process, and competitive political markets provide political discipline and accountability through the election process. Strenuous efforts are always directed at tilting the political and economic markets in favor of narrow interests. However, in the U.S., both markets have robust procedures that have enabled them to perform often surprisingly well despite constant efforts to bias their outcomes. They have repeatedly recovered from periods of political or economic excess. Scott notes that the political markets are unbounded by natural constraints. However, the checks and balances wisely included in the Constitution impose considerable obstacles to political excess and, most important, political entities are dependent on the wealth generated by the economic markets for their revenues. Government authorities in the courts, administrative agencies and especially in the legislatures possess the power to shape economic markets as they wish. However, they lack the economic resources or knowledge possessed by participants in the economic markets. It is an economically, politically and legally empowered civil society working through the political markets and the courts that maintains limits on political excess. Thus, the maintenance of competitive capitalist markets that meet the broad economic needs of the people and the nation depends on the political markets and courts functioning properly to assure that both political and economic markets work for the people instead of just for the politically influential and economically powerful. This, Scott explains at great length and in great depth, is the

stuff of political economy.

I had just finished an on-line course on the history of American Capitalism and wanted a reference book for all my unanswered questions. I tried the library and this was the only book I found that not only dealt with history but also gave a well thought out current global perspective.

hardcover, like-new. great buy. really helps with class because it was written by my prof but it flows like an intelligent conversation

Review of Bruce R. Scott's "Capitalism" Bruce Scott's "Capitalism" book is a timely critique of US style Capitalism and Democracy. The book argues that Capitalism is above all a system of governance, which means that it can be misgoverned. When I first saw the 705 page book it looked a very formidable reading. As I bravely read on I found the story of the chronological evolution of Capitalism absorbing and informative. I learned how in recent years US Capitalism and Democracy have influenced and transformed each other in ways that seem in considerable measure problematic. With the 2009 collapse of the US financial bubble and its disastrous tsunami effect on almost all of Europe, America's unfettered faith in the free market is increasingly questioned - by some at home and by more in the rest of the world. America, like a passionate missionary, actively promotes its twin system of governance - Capitalism and Democracy - to the world at large. The winner-take-all Capitalism has led to the creation of an economic system in the US, not once but twice, as Scott shows, where the benefits of the system flow very disproportionately to the top 1% of the electorate. For reasons Scott explains, the system today severely contracts the lower and middle echelons to uplift the top echelon of the economic pyramid. As Gordon Gecko said: Greed is good. The Citizens United's First Amendment victory over the Federal Election Commission (FEC) prohibition of unions, corporations and not-for-profit organizations from broadcasting electioneering communications has opened the flood gates of unlimited corporate funding. Business can again influence US elections without embarrassment. This was followed by the Speechnow.org versus FEC ruling permitting individuals to pool unlimited funds to support or attack candidates. The wealthy can again openly influence US elections. The November 2012 US Presidential election is positioned as a turning point of choice between the Tea Party's "Hayek individualism" versus the "European socialism" of healthcare, housing, education and unemployment safety net benefits. Scott rejects this convenient simplification pointing to an insidious trend, already well underway, of broad based Capitalism giving way to economic oligarchy. CEOs of Fortune 500 firms used to earn 30

times their average employees; they now earn 400 times as much. The danger is the very wealthy can afford to buy or rent government and rewrite the rules of Capitalism and Democracy in their own favour. The US system of Capitalism and Democracy has or had profound strengths. Scott argues that the system is becoming unjust and dysfunctional. Reviewed by: Philip Yeo. Harvard Business School MBA 1976 Chairman, Singapore Economic Development Board (EDB, 1986-2006) Chairman, Singapore Agency for Science, Technology and Research (A*STAR, 2001-2007) Chairman, Singapore Standards, Productivity and Innovation for Growth (SPRING, 2007 to date)

Professor Scott's book is an excellent work which reframes capitalism as a complex interaction between the government and market actors. Strong data and very informative.

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