Themes and Concepts in the History of American Capitalism

**Theme #1: Nature of capitalism**

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<th>Changes over time =&gt; Eras</th>
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<td>Merchant capitalism</td>
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<td>Industrial capitalism</td>
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<td>Financial capitalism</td>
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**Comparative terms**

- The role of banks vs. stock markets
- The role of the “state” (government)
- In the degree of organization (e.g., of labor and capital)

**Analytical Tools** — for discussing the changing nature of American capitalism

**Scale** of business activity (note: this is a comparative term, helpful in tracking changes over time)

- Geographic scale — e.g., local, regional, national, international
- Scale of capital investment — how much capital is involved?
- Pace of business — i.e., time scale on which business transactions are conducted
- Scale of social relations — think of this as a measure of “social distance”

**Strategies** of business growth

- E.g., expansion (doing more of the same), specialization (by product, function, geographic area), vertical or horizontal integration, diversification, conglomeration, focusing on a “core” business

**Structures** — pay attention to two kinds of institutional structure in the firm

- Ownership structures — that is, the way in which power is distributed among capitalists
  - E.g., proprietorships, partnerships, corporations
- Managerial structures — the “vertical” organization of the firm, that links owners to managers and employees

**Theme #2: The role of government**

- **Regulation** and promotion: what government “does to” or “does for” business
- **Legal infrastructure** — the system of basic laws governing economic activity (e.g., establishing property rights), without which business in a capitalist economy would be “nasty, brutish, and short” (Hobbes)
- **Political structure** — how power is distributed among levels and branches of government, how that distribution of power has changed over time, and how it has affected and been affected by American capitalism
- **War** as a hyper-case, often involving all three of the preceding dimensions.

**Theme #3: The social world of business**

**Social relations** that characterize the world of business

Changes in relations among capitalists, between owner/capitalists and workers, between managers and workers, between owners and managers, between firms and consumers

**Social rules** that shape the world of business

- Expressed in laws, especially those specifying property rights
- Conveyed in social norms — expectations, common assumptions about what is right and wrong

**The three themes**...

- Nature of capitalism
- Role of government
- Social world of business

... overlap in certain respects but are usefully analyzed separately.