

Towards understanding the origins of Industrial Capitalism: a tale of two historical economies

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Abstract

My work toward understanding both successful and failed Industrial Revolution attempts as primarily energy consumption revolutions, and understanding their structure, leads me to a new understanding of the origins of industrial capitalism.

In this paper, I review recent historical thinking about the English Industrial Revolution, review extant history on what I characterize as an incipient but failed industrial revolutions

in Sung China, review my theoretical apparatus for industrial revolutions, and connect all of that to the successful birth of industrial capitalism in England.

1 Introduction

This paper explores the idea that institutional changes, at least important ones, are primarily endogenous, and especially so to major economic changes. While this a very richly explored area, starting with the Historical Materialism school that Karl Marx fathered, I plan to contribute by extending the apparatus to microeconomic explanations, providing further macroeconomic ideas, and examining historical events. My topic is a large one: the origin of industrial capitalism.

I view industrial capitalism as a mode of production consisting of large, centrally controlled accumulations of capital used to finance the means of production for commodities destined for market, using largely wage-labor, and characterized by large scale production, accumulation, and limited private ownership.

If my basic thesis is to be seen as useful, I must show that the rise of industrial capitalism was caused by a sufficiently large economic change; fortunately, many economic and other historians see as I do that the English Industrial Revolutions (henceforth EIR) was sufficiently large, perhaps the largest economic event in tens of millennia. The contemporaneous timing is further suggestive.

In other work, I claim that the EIR was primarily an energy revolution. As we will see using comparative stories covering England and Sung China I can narrate how the EIR originated in changes in the energy economy, and how those changes led directly to the rise of Industrial Capitalism from the prior regime of Merchant Capitalism. The Chinese started, but failed to complete, this journey.