
Contents

Introduction	ix
Part 1. The Conditions in Which Liberalism and Capitalism Appeared	1
Introduction to Part 1	3
Chapter 1. Political and Legal Conditions	5
1.1. Liberalism and democracy: new eldorados of political thought and political life	5
1.1.1. Liberalism, defender of the superiority of the individual, and its economic application, capitalism	6
1.1.2. The reduced role of the state and different positions in relation to monopolies	9
1.1.3. Democracy as a guarantee of freedom and equality	16
1.1.4. The economic consequences of democracy	21
1.2. The right of ownership as a necessary condition for savings and capital formation	23
1.2.1. Freedom as a condition of private property	24
1.2.2. Land ownership	26
1.2.3. Property rights and savings	27
1.3. The advent of the bourgeoisie	29
1.3.1. The hold of the military and the nobility in Antiquity	29
1.3.2. The emergence of the urban bourgeoisie: a Western phenomenon	30
1.3.3. When economic power	31
1.3.4. . . . transforms into political power	32
1.4. The nascent authority of state bureaucracy	34
1.4.1. Legitimate coercion by the state	35

1.4.2. The evolution of the activities of state bureaucracy actors.	38
1.4.3. Advantages and disadvantages of state bureaucracy	39
Chapter 2. Economic and Sociological Conditions	41
2.1. Trade and industry: competitors of agriculture and the craft industry	41
2.1.1. The lesser role of agriculture	41
2.1.2. The growing role of trade...	43
2.1.3. ... generated by free competition at national levels...	45
2.1.4. ... and international levels.	46
2.2. The dangers of industrialization.	51
2.2.1. Industrialization and the destructiveness of the division of labor for humanity.	51
2.2.2. The appearance of an industrial aristocracy	52
2.2.3. Corporate concentration	56
2.2.4. Growing pauperism.	58
2.3. The decisive influence of the Protestant religion on economic rationalization	62
2.3.1. <i>The Protestant Ethic and the Spirit of Capitalism</i>	62
2.3.2. The sacredness of work and profit	68
2.3.3. The need for growth	72
2.3.4. Rationalization of the economy	74
2.4. The role of money and financial markets	76
2.4.1. The need for money	76
2.4.2. The first banks.	79
2.4.3. The first financial markets.	80
Part 2. The Evolution of Liberalism and Capitalism.	89
Introduction to Part 2.	91
Chapter 3. The Birth of a New Capitalism in a New World: Financial Capitalism	93
3.1. The emergence and development of financial capitalism	93
3.1.1. Globalization	95
3.1.2. The information revolution	98
3.1.3. The financial revolution	100
3.2. Changes in corporate governance.	104
3.2.1. Taking sustainable development into account...	107
3.2.2. ... and pollution.	108
3.3. New economic policies	110
3.3.1. The need to combat rising prices.	110
3.3.2. Monetary policy to combat inflation.	112

3.3.3. Discretionary versus automatic economic policy	113
3.4. From the perfection of theoretical capitalism to the crises of real capitalism	117
3.4.1. Changes in the assumptions of pure and perfect competition	118
3.4.2. Questioning the uniqueness of prices	119
3.4.3. Expectations which are supposedly too perfect	122
3.5. Recurrent causes of the crises of capitalism.	124
3.5.1. The beginnings of any financial crash: an innovation stemming from a need for financing	125
3.5.2. From speculation to collective psychosis	127
3.5.3. A monetary expansion	128
3.5.4. The bursting of the financial bubble	129
3.6. Some examples of crises of capitalism.	131
3.6.1. The crises following the discovery of the New World	132
3.6.2. Crises due to the transportation revolution	134
3.6.3. The 1929 crisis	136
3.6.4. The 1987 crash	138
3.6.5. The crisis of the new economy in the year 2000.	140
Chapter 4. Towards 21st Century Capitalism	147
4.1. A responsible and proactive economic policy.	148
4.1.1. A policy of growth	149
4.1.2. The search for price stability	155
4.1.3. Improving the functioning of markets through positive regulation.	156
4.1.4. . . . in order to ensure the ethics of capitalism.	158
4.1.5. . . . and respect for the freedom of the market	160
4.2. Finance that respects the principles of capitalism	161
4.2.1. Banking regulation in the form of minimum prudential ratios	161
4.2.2. Financial regulation	167
4.2.3. The need for transparency on unregulated markets	174
4.2.4. Regulation of the over-the-counter markets	177
4.3. Renewed corporate governance	179
4.3.1. Better controlled accounting standards	179
4.3.2. A different kind of business management	182
4.3.3. The necessity of training employees and citizens in general.	184
Conclusion	187
References	195
Index	197