

Economic Formation of the Contemporary World

Prof. Leonardo Burlamaqui

Rio de Janeiro State University – 2025

Department of Economic Evolution

Workload: 120 class hours

Course website: <https://lburlamaqui.com.br/historia-economica-femc/>

1 - Presentation and Objectives

The course is built on a multidisciplinary conceptual framework and aims to provide students with an analytical narrative — that is, theoretically grounded — of the processes of formation and development of capitalism in Western Europe, the United States, and Japan. The emphasis is placed on the sociopolitical and institutional preconditions, as well as on the financial dimension, that precede and shape industrialization and modernization processes, articulating them with their technological configurations.

Facts and empirical data are examined through this conceptual framework, introduced in Unit 1 and developed throughout the course. This framework has an interdisciplinary character and draws on interpretations of classical and contemporary authors — Hobbes, Marx, Weber, Schumpeter, Polanyi, Gerschenkron, Keynes, Minsky, Landes, Perry Anderson, and Michael Mann.

The goal is to explore historical processes as true laboratories of the social sciences, producing an analytical, coherent, and empirically grounded interpretation of how capitalism emerged, evolved, and operates.

The central hypothesis for the course's usefulness is that economists who neglect this historical-conceptual dimension of “capitalism as it really works” tend to get

lost in abstract constructions, distant from the empirical reality in which they live, work, and decide.

2 - Evaluation

Class participation, two midterm exams, and a final exam, when necessary.

3 - Rules of Conduct

Cell phones must be turned off during class. Texts and lectures are complementary, not substitutes. At the end of each class, there will be time for discussion (questions about the texts, comments, and critiques).

4 - Program

Unit 1 – Theory and Conceptual Frameworks

The course begins with the construction of analytical foundations to understand the formation of capitalism. The contributions of Marx, Weber, and Mann are explored, offering distinct lenses for analyzing social and economic structures.

The centrality of the absolutist state, examined by Hobbes and Perry Anderson, is presented as a condition for political unification, administrative centralization, fiscal consolidation, and military strengthening — decisive elements for the advancement of the economic structure toward capitalism.

Next, Polanyi's reading of "fictitious commodities" and the constitution of market society is discussed, highlighting the tensions and turbulence that accompanied its consolidation. This first unit provides the interdisciplinary theoretical framework from which subsequent historical processes will be interpreted.

Unit 2 – The Industrial Revolution as Point of Departure and Arrival

- Capitalist dynamics and institutions: Marx, Schumpeter, and Gerschenkron serve as guides to understand how innovation, credit, and relative backwardness shaped different development trajectories.

- The English pattern: from the enclosure process to the commodification of land and labor; from the centrality of trade, colonies, and empire to the role of public debt and the Financial Revolution. The Industrial Revolution is addressed as the culmination of these transformations.
- The Industrial Revolution as a new beginning: revisiting Schumpeter, the emergence of key sectors (textiles, railways, energy, machine tools, armaments) is analyzed, redefining the economy and fueling imperialism.
- The U.S. case: capitalism and slavery, absence of feudalism, frontier economy and plantations as the first 'big business.' From Hamilton's design of the financial architecture to the Civil War, state reconstruction, and the advent of mass production.
- The Second Industrial Revolution: the creation of a 'second technological nature,' marked by chemistry, electricity, steel, internal combustion engines, and new communications. The managerial revolution, trusts and holdings (the 'Schumpeterian entrepreneurs': Edison, Rockefeller, Morgan, Taylor, and Ford illustrate the consolidation of modern big business).
- The Prussian-Japanese pattern: analyzed through Gerschenkron and List, highlighting how late-developing states industrialized through strong bureaucracies, investment banks, militarization, and the formation of conglomerates (Krupp, Siemens, Mitsubishi, Mitsui, and Sumitomo).

Unit 3 – The Age of Extremes: Crisis and Restructuring of Capitalism

- The impact of World War I and the Russian Revolution is read as a geopolitical earthquake that destabilized economies and institutions, with Keynes denouncing, as early as 1919, the deadlocks of the Treaty of Versailles.
- The boom of the 1920s and its financial fragility, culminating in the Great Depression, are analyzed through Fisher and Minsky. The 1929–33 crisis opened the way for contrasting responses: the New Deal and its Keynesian rationalization on one hand; Germany's recovery under National Socialism, supported by Schacht's financial engineering, on the other.

- World War II inaugurated postwar reconstruction. Keynes and Dexter White, at Bretton Woods, and the Marshall Plan structured the foundations of a new international regime that sustained the 'Glorious Thirty' in Europe and Japan.
- The course ends with the transition from peak to crisis: the erosion of the Bretton Woods system, the turbulence of the 1970s–80s, and the consolidation of the neoliberal era, marked by Thatcher, Reagan, Volcker, Hayek, Friedman, and Buchanan.

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