

What Is Capitalism and Where Did It Start?

In [a recent essay](#) for *The Imaginative Conservative*, I claimed that capitalism had its origins in England. I had expected such a sweeping statement to raise the ire or the eyebrows of some readers and was not surprised that it elicited a puzzled response. “When,” one correspondent inquired of me, “did capitalism begin in England? Did it not start in Florence with the Medici?” It must be conceded that my correspondent has a point. Although I don’t agree that capitalism began in Florence, I am nonetheless constrained to confess that my naming of England as the birthplace of capitalism lacked the necessary nuanced clarification.

It all depends, of course, on what we mean by capitalism. If capitalism is merely the use of capital, the first capitalist was the first of our ancestors to pick up a stick and use it. Such a definition is too broad to be of any use. After all, if capitalism is merely the use of capital, even the communists are capitalists.

Refining our terms, we might be tempted to say that capitalism is bound up with the practice of moneylending at interest, or what some would call usury, the practice of which was condemned by both Plato and Aristotle in ancient Greece and by Cicero and Cato the Elder in ancient Rome, and by the God of the Old Testament (Exodus 22:25), the Psalmist (Psalm 15) and the prophet Ezekiel. Clearly, if we define capitalism in such terms, its origins predate the very existence of England.

Others might prefer to define capitalism as the practice of trading goods. If so, it can be said to have had its origins in the first merchants at the very dawn of civilization. As with the first definition, regarding the use of capital, this definition is also too broad to be of much use. All of us

trade, as all of our ancestors traded. It is a universal part of the communal dimension of human life. Even communists trade. If, therefore, we are to connect capitalism with trade in any meaningful sense, it will become necessary to refine our understanding of the former's relationship with the latter. "In all normal civilizations the trader existed and must exist," writes G. K. Chesterton. "But in all normal civilizations the trader was the exception; certainly he was never the rule; and most certainly he was never the ruler." For Chesterton, the problem was not trade per se, which is an integral part of human life, but the elevation of trade to a position of political dominance. This was a "falsification" of right order, "arising from a very recent trick of regarding everything only in relation to trade". He continues:

Trade is all very well in its way, but Trade has been put in the place of Truth. Trade, which is in its nature a secondary or dependent thing, has been treated as a primary and independent thing; as an absolute. The moderns, mad upon mere multiplication, have even made a plural out of what is eternally singular, in the sense of single. They have taken what all ancient philosophers called the Good, and translated it as the Goods.

Since trade is relative, of its nature, relating the price of one thing to another, its political ascendancy has contributed greatly to the rise of relativism. If, as Oscar Wilde quipped, a cynic is one who knows the price of everything and the value of nothing, we can say that the ascendancy of Trade is the triumph of cynicism. Thus we are meant to surrender good things, such as our own political freedom and the political freedom of sovereign nations, to the juggernaut of globalized trade, which is seen as the "good" that trumps all other goods. It is in this modern and recent sense of the word that I claimed in my article that capitalism was born in England.

It is true that trade has always existed and that rich

merchants have always been a part of the economic and political picture, but it is not true that the merchants have always been the rulers, as is the case today. Modern globalism has its roots in the industrialism of eighteenth century England, which grew from the seeds of plutocracy planted by Henry VIII in the pillaging of the Church in the 1530s and from the founding of the Bank of England in the wake of the plutocratic revolution of 1688, both of which handed England over into the hands of what Chesterton called its “new unhappy lords”. The power of England’s central bank, which would be emulated by the rise of the other central banks, combined with the power of the East India Company, the world’s first global corporation, brought together the forces of usury and the forces of trade, transforming England into the greatest power in the world, its Empire laying the foundations for the growth of global corporatism. It is in this specific context that I claimed that England was the cradle of capitalism and, in this context, I believe I was justified in making the claim.

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