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Bas van Bavel, *The Invisible Hand? How Market Economies have Emerged and Declined since AD 500* (Oxford: Oxford University Press, 2016, 352 pp., ISBN 9780199608133).

In this thought-provoking book, Bas van Bavel, Distinguished Professor of Economic and Social History at Utrecht University, has written a major critique of economists' understanding of the historical development and utility of markets in creating wealth and, possibly, freedom. To do this, Van Bavel carefully sets out a model which is laid out in the Introduction, revisited in the lengthy Conclusion, and 'tested' via three case studies. These are: early medieval Iraq, high/late medieval Italy, and the late medieval/early modern Low Countries. First, Van Bavel distinguishes between output markets (which distribute products) and factor markets (which distribute land, labour, and capital). Second, he argues against Polanyi's long-lasting notion that factor markets are not to be found before the nineteenth century, suggesting instead that a few societies dating back to ancient Mesopotamia have enjoyed several centuries where factor markets played a determining role in economic growth. Thirdly, he points out how economists and economic historians generally assume that increasingly dominant factor markets are a 'good thing' – i.e., they lead not only to increasing wealth, but to increasing freedom. Thus, Van Bavel rightly points out, there is a linearity and arguably a teleology to existing histories of markets.

Fourthly, in contradistinction to this supposed teleology (about which more below), Van Bavel argues that, the emergence of factor markets in several past societies, while they might have been a 'good thing' in the short run, have instead been a 'bad thing' in the long run. This is because markets tend to concentrate wealth in the hands of a few, who then distort market mechanisms in their favour, leading to unequal distributions of wealth, 'institutional sclerosis' (à la Mancur Olson), and increasing unfreedom. More or less implicit in this argument is the general conclusion that, had societies allowed alternate forms of factor allocation to remain in place (which Van Bavel lists in various places as state-orchestrated, family, village, voluntary, and others – most of which are never fully explored in this book), societies would have experienced less explosive growth, but would have experienced longer periods of freedom, and more equal distributions of wealth.

Having thus set the stage, Van Bavel's model argues more specifically that the emergence of factor markets in history tends to follow a set pattern. 1) Factors are allocated in traditional, non-market arrangements. 2) In rare cases, this causes a pre-market growth of GDP. 3) In this climate of growing

GDP, revolutions help markets to emerge. 4) Economic growth and political freedom follow. 5) Elites who benefit from markets bend institutions to their advantage, causing increasingly unequal distribution of wealth. 6) This influence capture causes a downfall of the markets and also of living standards and political freedom.

The majority of economic historians, who are of a neoclassical stamp, will instinctually wish to banish Van Bavel's analysis to the dustbin of wishful thinking, but to do so would be a serious mistake. Van Bavel's model and discussion are without doubt useful and welcome additions to the literature of long-term global economic growth in several ways. First, they highlight the still woefully unrecognized notion that advanced monetized markets, including capital markets, have been in operation in many societies for many millennia. Second, it provides an articulate and sorely needed challenge to the neoliberal consensus in economics and economic history which suggests that markets = growth = freedom. Thirdly, it forcefully reminds us that markets are always and everywhere enmeshed in institutions, and that economists and economic historians, when they view markets too much as mathematical abstractions, can lead global policy terribly astray. And along the way, Van Bavel's discussion performs several other important tasks such as writing Islamic society more fully into the Eurocentric narrative of economic growth.

Superficially, Van Bavel's model does seem to correspond to the market societies he analyses. But as a deductive model which seeks to fit case studies to an overarching pattern, it necessarily glosses over inconsistencies, and the three 'case study' chapters (2 through 4), not to mention the 'epilogue' on the US and Europe from 1500 to 1900 (chapter 5), read a little too much like narratives cherry picked to fit the proper story.

This might be a moment to point out that, so far as this reviewer is aware, Van Bavel's book is written under the aegis of two large scientific grants: granting bodies often seem to favour such 'grand comparative theses' as Van Bavel attempts here. It is arguable that the research of the PhDs and Postdocs on these projects, some of which focused on the case studies mentioned in Chapters 2 through 4, was not entirely necessary, since Van Bavel's thesis-driven narrative might have been formulated merely on a good reading of secondary literature. In other words, detailed archival work on the individual cases does not seem necessary for such a thesis-driven book. With this the reviewer (gently) throws down the gauntlet to the Dutch NWO (Organization for Scientific Research) and the European Research Council, to suggest that the types of historical projects they fund – the connection between grand thesis of the professor and the nitty-gritty of focused work best suited to PhDs – might need reconsideration as more evidence from completed projects comes in.

But in order to test Van Bavel's model, I attempted to map his model onto the case study which I know best: that of high and later medieval Catalonia, which temporally parallels Van Bavel's Italy case study. There, we

see a pre-market society which gained wealth; then, factor markets emerged, at least in land, between about 1050 and 1300. Between about 1250 and 1450, capital markets emerged and changed. Labour markets however, probably never moved much beyond guild (city) and tenant (rural) structures, so here we become aware that not all factor markets can be treated as developing equally in any given society. But fine: as factor markets emerged, wealth did increase. This is in line with Van Bavel's model – but what I emphatically do not see, is any serious role for 'revolution' in creating factor markets or freedom in the Catalan case. Here is where some of Van Bavel's implicit Marxism seems very anachronistic in the pages of an historical narrative published in 2016. What did happen in Catalonia, was the Crown realized that supporting merchants could work to its economic and political advantage, and so it helped the merchants and townspeople to become disentangled from previous 'oppressions' by nobles and clergy. And slowly, merchants simply bought their way out of many other forms of bondage, as they got richer.

The same thing happens with the decline of the Catalan market. Van Bavel's model also fits in this regard: the thriving factor markets of the thirteenth and fourteenth centuries did wane, and unfreedom rose, by the end of the fifteenth century. But I would argue that it was not really the greed of elites which caused the market to fail: rather, it was the maturing of the market which caused returns and new sources of wealth to dry up, and economic ossification led to decreasing social mobility, which enabled the powerful few to gain a chokehold on local and regional institutions.

Briefly, my alternative explanation would be this: in some cases, rising population and market opportunities result in increasing factor markets. Then, for a century or more, easy wealth and new money helps to keep the social system buoyant. But, as the market in a given region matures, returns inevitably fall, and so surviving elites can once again gain a chokehold on institutions, from which they proceed to exploit the majority once again. This incidentally opens a critique of Van Bavel's early phases: what causes the 'revolutions' which supposedly 'open up' factor markets? Is it not economic opportunity itself (increasing population and trade opportunities, resulting in an influx of new money), which causes the original shake-up of the pre-market society?

In short, it is good to remain suspicious of any deductive 'model' which purports to explain a phenomenon as large as the rise of markets in global history. And the archival research done by postdocs and PhDs for these projects arguably contributed little to what seems, at least in broad form, like a well-thought-out, yet essentially pre-conceived argument. Also, Van Bavel's critique of teleologies that he purports to find in the models of others can surely be criticized in itself, since he intends to find almost 'inevitable' cycle in the rise and decline of factor markets. 'Inevitable cycles' are arguably just mini-teleologies.

So while one might take aspects of the overarching model with a grain of salt, and the historical narratives in the middle chapters with a bit more, Van Bavel certainly seeks to stand many old notions on their heads, and in doing so he provides serious food for thought and a welcome counterweight to a stultifying (and now seemingly anachronistic) neoliberal cheerleading on the part of many global economic historians. This book therefore comes highly recommended.

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