

Essays in Economic & Business History

2025, 43: 99-101

Published April 20, 2026



Book Review: Jackson, Trevor. *Impunity and Capitalism: The Afterlives of European Financial Crises, 1690-1830*. Cambridge UK: Cambridge University Press, 2022. xii + 310 Pp.

Jackson's book provides a different approach to the historical literature on financial crisis by linking several European crises to tell a story of financial capitalism that crosses the early modern/modern divide, from the 1690s to the 1820s. The story he proposes is not one of development or modernization, but rather a history of impunity. He notes that despite the gravity of the international financial crisis of 1825, which featured multiple government defaults, hundreds of English bank failures, and a recession, no person or entity was found at fault. Jackson illustrates how "financial crises stopped being crimes and became natural disasters" (p. 2) by examining three financial inflection points: the 1720 Mississippi and South Sea bubbles, the financial changes of the French Revolutionary period, and the Panic of 1825. He argues that over this period we can see impunity transform from a late seventeenth-century privilege of the monarch to a built-in part of the market economy by the nineteenth century. Jackson also claims that while histories of capitalism have focused on the creation of markets, just as important was the "creation of privileged zones of action where certain actors could pursue dangerous and destructive economic activities without fear of legal repercussions" (pp. 5-6). Impunity, as defined by Jackson as "the ability to cause harm without facing consequences" (p. 8) was integral to the development of financial or market capitalism.

One of the hallmarks of Jackson's book is his fluency with political economic theory along with his grounding in historical agency. Rather than taking an economist's view that efficiency and stability are the "constituent feature[s] of financial capitalism" he chooses to focus on questions of power and legitimacy as well as change over time. Jackson also adopts the concept of "transitional justice" from the field of international law and applies it to governmental transitions in the past such as the Glorious and French Revolutions, as well as the moral and social changes that came along with the political. Unfortunately, this theme isn't picked up again until the last third of the book, but it allows Jackson to study corporate malfeasance, not as a moral failing, but as a direct feature of financial capitalism. Rather than inevitable or natural, he shows us that financial crises need to be historicized, and in doing so Jackson makes a significant contribution.

Jackson exhibits an impressive facility in both British and French history. His first case study is the period of financial revolution in England and France in the late seventeenth century. Those who think the English financial revolution gets all the attention will be interested in his discussion of how finance was managed by the French government, who relied on individuals like Samuel Bernard, the banker to the French kings, rather than an institution such as the Bank of England. In the early 1700s, Bernard functioned somewhat like an individual central bank and enjoyed unparalleled immunity due to his systemic importance. Jackson's non-national approach also allows him to build on the work of Larry Neal and others to show that the year 1720 was the first international financial crisis, involving not just the well-known stock market bubbles, but a currency crisis and the "first episode of hyperinflation in history" (64). What Jackson finds most significant about the financial crisis of 1720 is that "its aftermath

was a process of working out what were the limits of the governance role of these state-allied private financial institutions [the South Sea and Mississippi Companies] and what was the basis of their constitutional legitimacy” (p. 67). When it came to assign blame the sheer level of financial ruin and the lack of clarity of what exact crimes had been committed made it difficult to do so. Jackson points out the British legal system was known for stringently punishing property crimes, sometimes with death, but a stock market bubble seemed to flummox the system. Although there was much debate, the directors of the companies got off relatively easily, and attention on this debate shows that by 1720 anxiety about the immorality of finance was secularized, as were notions of impunity. Contemporaries now thought of finance as a separate and more dangerous counterpart to commerce.

Jackson argues that although John Law’s system failed in 1720, leading to his departure from France (with relative impunity), what he had been attempting to create was a “central bank like” institution that would control the money supply, public credit, and national monetary policy. Jackson’s focus on Law’s overall system rather than just the Mississippi Company scandal is welcome, but in his quest to chart a history of the emergence of central banks he slides into eliding public banks (like the Bank of England) and general banks like what Law proposed with central banks. Jackson suggests the response to the 1720 crisis, of which Law was so much a part, was an antipathy to central banking regulation and control and instead a promotion by Richard Cantillon and others of a free self-regulating economy.

Jackson posits that the newly formalized political economy that emerged in response to the crisis of 1720 was challenged next by the French Revolution. In the 1780s, France not only experienced a political and constitutional crisis, but a crisis over economic sovereignty as well. The Revolution destabilized the post-1720 “economic rules” and led to debates about whether the economy was self-governing or needed to be governed by institutions. Like the Financial Revolution, this “revolutionary rupture was a transition in the institutional environment of financial capitalism” (p. 138). Jackson lays out the changes that emerged to finance and impunity in both France and Britain during the French Revolutionary era. In France, Old Regime patterns of impunity were replaced with new ones under the Directory and were institutionalized under Napoleon. Jackson does an excellent job of inserting the financial context into the French Revolution narrative. He convincingly shows that on the eve of the Revolution there had been so little regulation in France that much harm had been done through financial frauds.

The French Revolution also had implications for its enemy Britain. The Restriction Act of 1797, which granted the Bank of England exceptional status and was intended as a special wartime measure, lasted until 1821. At the same time, the Directory finally established a Bank of France, meaning that France’s Revolution directly led to the evolution of banking institutions in both countries that outlasted the war years. The Bank of France, however, was not like the Bank of England; it didn’t make loans to the state, nor did it get involved in international financial crises. Despite Jackson’s theme of an overall trajectory toward central banking, he also shows how private bankers remained critical to national finance, notably Barings and the Rothschilds (who did not think much of France’s public Bank). In Britain, the Restriction Act allowed the Bank of England to stop exchanging its notes for gold and provided blanket immunity to all Bank directors. The war years allowed the Bank of England to intervene in monetary policy, another sign of a central bank.

The postwar reconstruction of international finance from 1815-1830 is Jackson’s third and concluding case study. New circumstances such as French reparation loans in the 1810s and European speculation in the newly independent countries in Latin America in the 1820s “reconfigured the relationship between national regulation and international capital” (p. 216). In this era impunity became institutionalized, making it ever more abstract and systemic. The Panic of 1825, which involved a stock market, banking, and sovereign debt crisis, was the first crisis for this new and international financial system. While there were other Latin American

Reviews Section

debt crises throughout the nineteenth century, Jackson argues 1825 was significant because it signaled the change in culpability from individuals to systems. Jackson also disagrees with the interpretation that the 1825 crisis was the first example of “central bank cooperation to preserve the functioning of the international monetary system” (p. 246). He reads the crisis of 1825 differently with the Banks of England and France not acting enough like central banks (yet), and the aid of private bankers like the Rothschilds as critical, especially in terms of a lack of coordination and function as a lender of last resort. Moreover, the very unintelligibility of finance, which led contemporaries in the eighteenth century to see conspiracy, by 1825 was now perceived as accidental. What had once been criminal was now just a natural part of the financial system. The Panic of 1825 was the first time no one was deemed responsible, instead it was now deemed a “feature” of the financial system. Instead of too big to fail, we might call this too big to blame.

Jackson’s conclusion applies his ideas of impunity to the 2008 financial crisis. He argues that we have not entirely changed our views about responsibility for economic harm and that “impunity is a feature of financial capitalism” (p. 272). The political and societal response to the financial frauds of crypto entrepreneur Samuel Bankman-Fried may indicate a crack in our acceptance of economic harm as natural and a feature. Are we starting to hit a new moment of transition in impunity? Time will tell. But Jackson’s idea that we must question how financial crises became naturalized is a significant contribution to both history and current events.

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