Re-Envisioning Global Development

A horizontal perspective

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Preface

This book emerged from an exploration into structures of social power and their reproduction in different regions of the world; for, since the frames that localize human interactions are constantly 'erased by networks going over in all directions' (Latour 1996: 238), an exploration of social power, if pursued long enough, is bound to lead to reflection on the nature and history of global development.

The book begins by setting aside the notion of a world 'vertically' divided by bounded national entities and binary divisions of the globe. Instead, it treats these as secondary phenomena arising from the properties of trans-local/cross-regional structures and relations that have underpinned global development continuously for many centuries. Adopting this 'horizontal' angle of vision forces us to read history 'against the grain' of dominant historiographic conventions; and the re-envisioning of global development, or 'gestalt shift', that this produces enables us to place issues of structural consequence in a new light.

The book traces key periods of transition and supposed disjuncture that were shaped by, and that worked to extend and reproduce, trans-local/cross-regional structures of power. While the general terrain it traverses will be familiar to students of world history, the angle of vision it adopts makes visible features that existing accounts tend to obscure. So, for instance, it places globalization at the beginning, rather than near the end, of the story of the development and expansion of capitalism. Studies of globalization describe global capitalism and transnational class formation as relatively recent phenomena. But capitalism has been essentially transnational from the

start. It has been characterized, not by processes centred on empires and nation states, but by trans-local structures of social power; and by interactions and connections involving, not whole societies, but interdependent centres of elite accumulation across the world. It is not nation states, but cities and urban-based export centres that fuelled the expansion, and became integrated into the domain, of capital; nation states and national markets emerged only after World War II and only, briefly, in a few countries.

The story of the 'rise' of Europe that this book tells emphasizes the gradual integration of Europeans into a prosperous, sophisticated and already expanding Afro-Eurasian system of trade and intercultural exchange. The rise to power of Europe within this system is slower and more difficult, and remains far less complete, than is usually assumed. Typically, accounts tend to emphasize Europe's discovery of a backward 'new' world to its west, and either overlook its discovery of the wondrous achievements of the afro-Eurasian system or airbrush them out of history with the preposterous claim that Europe discovered a stagnant and dissolute world to its east.

As capitalism expands it is characterized, not by the formation of a global core and periphery, but by the interdependent and synchronous growth of sites of elite accumulation across Afro-Eurasia and the Americas. In the nineteenth century this regime of accumulation was consolidated and maintained by an imperial order that was far more cooperative, and distributed its benefits far more widely, than many scholars recognize or have been willing to acknowledge. The imperial order never destroyed or displaced the wealth and the power of the east; these continued to grow and local elites continued to prosper. Airbrushing *this* out of the story of global development makes it difficult to understand the structures of power that today reproduce so-called 'underdevelopment' in the contemporary 'third world'. The nineteenth century regime of accumulation survived decolonization and the nationalization of capital in the 'first' and 'second' worlds after World War II. Evidence of its durability is provided by the 'new' transnational capitalist class that increasing numbers of scholars are wrongly depicting as newly emerging.

The account that this book presents emphasizes the existence of a transnational elite that straddles international frontiers, rather than a vertical view of whole nation states in interaction with each other.

Its aim is to show how existing research and writing on world history and development readily produces a 'gestalt shift'. The accounts which structure our thoughts and perceptions cause us to see one pattern rather than another. But, if we set aside the conventional structure of assumptions and stress different elements than are usually stressed, parts of the standard picture will form a different pattern, and so produce a different picture, than the one we usually see. By stressing transnational/cross-regional networks and structures our analytic focus on whole nations or regions dissolves and shifts, instead, to a horizontal set of connections, relations and processes. The aim is not to ignore national boundaries and binary divisions of the globe, but to contextualize them.

This is a work of aggregation and synthesis. It draws together insights from a variety of perspectives in order to facilitate explorations already under way. The aim is to pose questions, rather than to assert answers, to invite a dialectical engagement between the specialized knowledges produced within regional studies and the general propositions that are here being advanced.

Thus, I dispense with the usual list of acknowledgments, as the debt of gratitude I owe is to the many scholars whose work inspired, and is cited throughout, what follows. I must, however, single out Philip McMichael for special thanks, for without his encouragement and great generosity this book might never have been written; though, of course, I retain sole responsibility for its shortcomings.

It is with great thanks for sharing the journey that I dedicate this book to William Gray.

2 The Origins and Development of Capitalism

There is no single definition of capitalism. Scholars have identified a set of features that are associated with capitalism, but they don't agree about which of them are essential to it; and the features that different definitions emphasize are, in most cases, found in systems that pre-dated capitalism. Most definitions are based on the writings of the classical political economists (Smith, Say, Ricardo, Malthus, J. S. Mill), all of whom assumed that capitalism was born in Europe, and who were writing in the context of, and as a contribution to, political and ideological battles being fought in Europe during the eighteenth and nineteenth centuries. Those who follow in this tradition emphasize markets and how the competition of *free markets* stimulates entrepreneurship, technical experimentation, and efficiency.[1]

Scholars who work from a Marxist perspective point out that these existed in ancient Rome and at various other times and places throughout history. They emphasize that capitalism, unlike other systems, a system of *general commodity production* in which *all* goods and services, including the most basic necessities of life, are produced for profitable exchange in a market. In this system, all inputs and outputs of production are totally commodified, including labour power, land, and other means of production. For Marx, it is the commodification of labour and, specifically, the replacement of servile labour with *free wage labour* that is unique to capitalism and is its defining characteristic. 'Free' wage labour is different from other forms of labour commodification in that the mass of the population is 'freed' from direct access to the means of production and must sell their labour power to produce surplus value for a small minority in order to survive. It is this unique feature of capitalism which led to technological advance and progress in production.

Like other features that are thought to define capitalism, wage labour also pre-dates capitalism.[2] But what Marx argued was that, in capitalism, wage labour becomes increasingly the predominant form of labour commodification. Both the classical and Marxist traditions assume that the dependence of all economic actors on the market means that *competition is the fundamental rule of life* and that it drives the *development of the forces of production and improvement in the productivity of labour by technical means*.[3]

While scholars disagree about what features are essential to capitalism, they broadly agree that capitalism emerged when a 'crisis' led to the dissolution of feudal society in early modern Europe. A consideration of the nature of that crisis should give us a clearer sense of what sort of system was developed to resolve it and how and why (and if) it differed from other systems.

I. Origins

It has often been observed that the history of wars is written by the winners. The same might be said of political and ideological conflicts, such as those that characterized the development of capitalism. Capitalism emerged as a result of recurring battles over rights and the distribution of valued goods, and all accounts of these battles from all perspectives, including those most recently produced and even those written by its most passionate critics (from Marx to Polanyi), adopt assumptions and judgements, even the idiom, of those who won the battles.

Consider, for instance, that until fairly recently nearly all accounts of the birth of capitalism began with the 'crisis of feudalism' that arose in early modern Europe. In common usage, the term 'crisis' describes a general calamitous situation that occurs at a particular time and place. However, what historians call the 'crisis of feudalism' was *not* a general crisis, but a crisis only for aristocratic landowners. The dissolution of feudalism made possible, for most people, increased freedom and a better standard of living. For the great mass of the population, what we call a 'crisis' was a period of great opportunity and prosperity. It followed the demographic collapse caused by the Black Death,

and the social levelling that occurred as a result of it. This undermined feudal mechanisms of economic exploitation and threw lords and nobles into crisis. 'Capitalism' is the system that emerged from their efforts to reverse the social levelling that had taken place and resolve the crisis. It developed through a series of conflicts, first, to privatize land, later to privatize state assets, and dismantle regulations against monopoly and capital flight, as well as those establishing labour protections and government-sponsored welfare systems. By the end of the eighteenth century, these battles had succeeded in reversing the social levelling that had occurred in Europe and had developed a system that sharpened inequalities and worked to reproduce them.

Feudal 'Crisis' and Transition

Most accounts of the crisis of feudalism and the emergence of capitalism begin with the breakdown of agrarian society in northern Europe beginning in the thirteenth century. The most prominent explanations of this breakdown and ensuing crisis focus on tendencies within feudal society that produced population shifts and falling seigneurial rents, and on class conflict, and commercialization. While all of these factors contributed to the crisis of feudalism and are related to the same overall story, debate continues about which of these factors should be treated as ultimately most determinative, both of the crisis that began in the thirteenth century, and the emergence, by the sixteenth century, of capitalism.

Most accounts start at the end of a long period of expansion in Europe and the beginning of a contraction by around the middle of the thirteenth century. Some explanations assume that feudal society ceased to expand when the 'limits' of feudal production were reached, either because of an inability to raise agricultural productivity, or the emergence of structural contradictions between small-scale production and large-scale property. Explanations that focus on population expansion and decline[4] argue that the dissolution of feudalism came about when population growth outstripped the supply of the means of subsistence; and that this occurred due to a combination of the natural tendency of population to increase on a limited supply of land, and the inability of medieval agrarian production to raise agricultural productivity. Famine, plague, and war brought the population back to its 'proper' relationship with resources (as well as rising wages and falling food prices and rents). But a population upswing in the sixteenth century caused a breakthrough in agriculture by stimulating demand for food. Claudio Katz argues that 'the prevailing mechanisms of surplus extraction contained their own internal barrier' and that, sometime during the opening decades of the fourteenth century, this barrier was reached when the lords' exactions produced a general exhaustion of the soil and crippled the capacity of the peasant economy to reproduce material life. 'The medieval economy entered upon a precipitous decline', which took the form of 'repeated harvest failures and demographic collapse' (Katz 1993: 371).

Other accounts emphasizing natural tendencies within the feudal system that halted its expansion focus on the tendency in the rate of seigneurial levies to fall. According to this view, the rate of seigneurial levies had a tendency to fall in the feudal system because of the structural contradiction between small-scale production and large-scale property. With the general expansion of cultivation, which was going on until the middle of the thirteenth century, the fall in rents (due to the increase in land) was offset by an increase in new tenures (and rents). When economic expansion drew to an end, the fall in the rate of levy was no longer offset by the establishment of new tenures. Feudalism had come up against a ceiling of growth. Seigneurial income decreased and, because of the very low level of the various rents levied on their holdings, the seigneurial class radically reorganized production relationships by increasing their accumulation of landed property and hiring labour (Bois 1985: 111).

Marxist accounts generally emphasize class relations as the motor of social change in the transition from feudalism to capitalism. In *Studies in the Development of Capitalism* (1963; orig. 1947), Maurice Dobb argued that a class struggle between landlords and peasants had driven nobles into a game of spiralling status emulation that required greater and greater levels of surplus extraction from the peasantry. Intensified exploitation by landlords provoked peasant flight from the land, and led to a decline of feudalism and a transition to a capitalist mode of production. But some Marxist accounts, and most notably that by Paul Sweezy (1970 [1942], 1976), emphasize the revival, from about the eleventh century, of long-distance trade between Europe and other world regions, of commodity production

in Europe, and of trade and town life. Non-Marxist accounts also emphasize the growing commercialization of European society in the sixteenth century and, in particular, the effects of urbanization and the growth of trade as bringing about the decline of serfdom and, with it, the rise of capitalist agriculture. But Sweezy (1970 [1942], 1976) argues that capitalism emerged as a result of forces exogeneous to feudal society. It arose in an urban, market sector outside the control of feudal lords and eventually became a challenge to feudal society; that production for the market was inherently more profitable than realizing a surplus through feudal appropriation; and that the more efficient market sector was able to outbid feudal rivals for the inputs of land, labour, and capital. Building on Henri Pirenne's thesis (1958, 1969), Sweezy argued that Islamic invaders in the seventh and eighth centuries cut the Mediterranean trade routes so that both international and local trade in Europe dried up. As a result, there emerged in Europe a system of production for immediate consumption. The restoration of international trade between the western and eastern ends of the Mediterranean stimulated a revival of commodity production in Europe and of trade and town life. It was this that was the impetus for the development of capitalism.

Sweezy argued that the transition from feudalism to capitalism occurs at the point at which production for exchange replaces production for use. Feudalism was a mode in which all production was for use, not for exchange. It was static and self-perpetuating. Its dissolution and the subsequent emergence of capitalism could only have resulted from a force exogenous to feudal society – the expansion of trade. Long-distance trade was a creative force in resolving the problem of the feudal ruling class's need for increased revenue in the later Middle Ages. The very existence of exchange value as a massive economic fact tended to transform the attitude of producers and to develop new tastes for consumption on the part of the feudal ruling class. Manors were fundamentally inefficient and unsuited to production for the market; and the growth of towns as alternative centres of employment impelled the lords to grant concessions marking the elimination of serfdom.

A debate initiated by Maurice Dobb and Paul Sweezy in the early 1950s (the 'transition debate'; see Sweezy *et al*. 1976) turned on the correct Marxist explanation of the transition from feudalism to capitalism in the light of the European experience. Marx saw the transition from feudalism to capitalism as a transition from a primarily agrarian society of petty producers, whose most important social classes were the landlords and unfree tenants, to a society whose principal classes were capital-owning entrepreneurs and propertyless wage earners producing commodities for exchange on the market (Marx 1990: Vol. III, Chs. 20, 36, 47). The change thus involved both (1) a change in relations of production and (2) an expansion of trade and commodity production. Which came first? The expansion of trade, or the transformation of relations of production?

This debate was renewed and elaborated in the 1970s by Immanuel Wallerstein and Robert Brenner. Wallerstein argued, as had others, that the feudal system had been expanding between 1150 and 1300 but had reached a point beyond which it could no longer go, and a contraction then set in.[5] The declining ability of feudalism to create wealth necessitated the shift to a new mode of production, and this entailed creating, through geographical expansion into areas outside Europe, a capitalist world-economy based on the world market. Wallerstein contends that, in the 'long sixteenth century', and despite the persistence of feudal relations of production, the European feudal aristocracy became a capitalist landed aristocracy, and that they were capitalist because they got their revenues by producing commodities for sale on a market. For Wallerstein, the defining element of capitalism (conceptualized as a world system) is 'production for sale in a market for which the object is to realize the maximum profit' (1974: 398).

Robert Brenner (1977) has argued that capitalism involves innovation in the production process; and since production for profit on a market does not necessarily lead to innovation, it must have been processes that revolutionized social relations of production at the local level which led to innovation in the production process and, thus, to capitalism. Brenner argued that explanations that focus on demographic and commercial trends have a fatal flow because, as Brenner points out, 'precisely the same demographic and commercial trends yielded widely divergent results'(Brenner 1982: 16–17).[6] The factors taken to be of causal significance in these explanations led to the decline of serfdom (in the West) and, contrarily, to its intensification in the East. Sweezy explained these different outcomes in terms of geography – the distance of these countries from the centre of the

new exchange economy. But Brenner argued that only class relations can account for these different outcomes; that it was different property structures and balances of class forces that produced the different historical experiences of Eastern and Western Europe.

While adherents of these various accounts frequently insist on the significance and importance of their differences and counsel against minimizing them, they are not true alternatives. All agree that (1) capitalism emerged in Europe, and (2) as a result of changes that were unique to Europe. While Sweezy emphasized the impact of expanding trade as determined by attributes of that trade (the volume and type of goods being traded), Dobb emphasized existing social structures. But no one need deny either that large-scale economic forces impacted Europe, or that class and property determined the local effect of them.[7] Rodney Hilton (1969) argued that feudal rulers strove to increase feudal rent in order to maintain and improve their position as rulers against their many rivals as well as against their underlings. As Hilton pointed out, rent had to be maximized in order to maintain class power in existing hands, and this struggle both promoted and was intensified by the expansion of trade. No one would dispute that, with the revival of trade, towns grew in size and importance; that serfs were attracted to them and fled the land in large numbers; that richer peasants expanded their holdings, employed wage labour, and became capitalists (Dobb); or that the feudal lords, attracted to the growing trade of the towns and the possibilities inherent in the market economy for the generation of large fortunes, also transformed themselves from feudal lords to capitalist landowners (Brenner, Wallerstein, and Sweezy). Figure 2.1 shows how the perspective that this chapter advances stands in relation to all of these.

The demographic collapse in Europe caused by the Black Death shifted the balance of social forces. It exacted heavy casualties among the nobility, generated a severe labour shortage, weakened the feudal power of the nobles, caused a dramatic fall in the incomes of the landlord class, and shifted the balance of class power in the direction of the peasantry.[8] Peasant resistance in the context of the acute labour shortage forced landlords to remove virtually all feudal controls on peasant agriculture. This gave rise to an economy of petty commodity production. The peasants' liberty to move and to buy, sell, or let land enabled the direct producers to make substan-

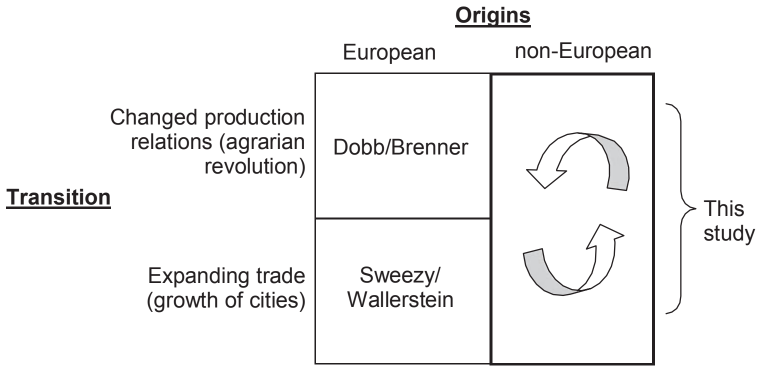

Figure 2.1 The Transition from Feudalism to Capitalism

tial gains in their material conditions of life. English lords were no longer able to appropriate an economic surplus by reasserting feudal controls over the peasantry; 'villeinage had melted away' (Katz 1993: 377). This great 'leap forward' in the standards of life of the mass of Europe's population was accompanied by a fall in landlord incomes. This fall, which reached its nadir in the mid-fifteenth century, was experienced by English lords, and was recorded by historians, as a 'crisis'.[9]

The Black Death did not hit Poland, Lithuania, and other areas of northeastern Europe that were relatively less densely populated and urbanized. Whatever the consequences of this for its subsequent development, the East is generally thought to have developed differently from the West because of the deterioration of the status of free peasant tenants in the east beginning in the fifteenth century (the so-called 'second serfdom'). However, the status of free peasant tenants also deteriorated in Western Europe, not with the imposition or reimposition of serfdom, but with the expansion of absolute surplus value extraction.

II. Agrarian Revolution (the 'Brenner Thesis')?

How the crisis caused by the dramatic fall in landlord incomes was resolved was through the development of an alternative system of surplus extraction, capitalism. But since, through this discussion of

its origins, we are inquiring into the nature of capitalism, we need to examine whether cities were the site of these changes or whether it was changes in European rural society that were determinative.

The notion that capitalism had its origins in an agrarian revolution in England during the 'long sixteenth century' is associated most notably with the view, elaborated by Robert Brenner, that it was the uniquely capitalist and uniquely productive character of British agriculture from the fifteenth century onwards that gave birth to capitalism.

For Brenner, capitalism is a system based on free labour and technological innovation driven by competition. So any account of the emergence of capitalism must focus on processes that revolutionized social relations of production at the local level which led to innovation in the production process. According to Brenner, these processes included the consolidation of larger farms, the use of free labour, and the adoption of new technologies to increase labour productivity (relative surplus value production). Brenner's thesis is shown in Figure 2.2.

In Brenner's account, population decline enabled the peasantry to win their freedom, since conditions of labour scarcity impelled the lords to offer better terms to them.[10] The feudal class had appropriated part of peasant production by juridical and political power, backed by force. But with the weakening of that power as a result of population decline, conditions of labour scarcity, and successful peasant resistance, the feudal class shifted from claims to power over people to claims to power over land (enclosures). Brenner argued that a number of changes flowed from the enclosures. Let us explore this argument.

Social relations of production in agriculture were revolutionized when **enclosures** produced

(1) → **larger farm size and** use of landless, **'free' labour**

(2) → **adoption of new technologies to increase labour productivity** (relative surplus value production)

(3) → **greater yields, which supported industrialization**

Figure 2.2 The Agrarian Revolution and the 'Brenner Thesis'

1. *Large Farms and 'Free Labour'*

With the enclosure of open-field villages and common land and the consolidation of smaller holdings into larger farms, landlords leased large parcels of land to free, market-dependent commercial tenants, who increasingly hired landless peasants as wage labourers (Brenner 1993: 642, 649–651). Land was cultivated not for subsistence but for the market, by means of wage labour. By the early nineteenth century, 'most of England's farmland had passed from family farms to large-scale capitalist tenants' (Allen 1992: 265).

Brenner argued that small-scale production was, by its nature, incapable of technological innovation; that large farms were more efficient because they used labour more efficiently and produced more food per acre than small, family-owned farms; that they had more capital to invest in improvements and were more likely to adopt new methods and techniques. But that does not appear to have been the case. Smaller farms in England also adopted new methods and techniques. Manuring and new crops were innovated on smaller farms, and smaller farms also got into convertible husbandry.[11] But, in 1830, two-thirds of English tenant farms, the supposed sparkplug of capitalist growth, were under 100 acres (Clarkson 1971: 66). An 1878 study of land distribution in Great Britain shows that 70 per cent of tenant farms were less than 50 acres – by any definition a small farm; only 18 per cent were larger than 100 acres (cited in Albritton 1993: 431).[12]

For Brenner, fully commodified labour power (wage labour) is an indispensable prerequisite of agrarian capitalism. Without the availability of 'free' labour – labour free from feudal ties to the land so that capitalists can exploit it – there is no capitalism. However, large farms were not necessarily worked with wage labour. According to G. E. Mingay (1994), half of all farms in Great Britain in 1831 employed no labour outside members of the immediate family.[13] Commodified labour power means that labour is coerced by the market rather than by the 'extra-economic' forces of feudalism. But, according to Robert Albritten, there is little evidence that an agrarian proletariat existed in England until the nineteenth century (Albritton 1993: 424).[14]

It is assumed that, unlike slaves, wage labourers are endowed with freedom of contract and can decide whether they work and for whom; that unlike serfs, they can move freely and seek work wherever they choose. But freedom of contract can be effective only if it is accompanied by rights of association, speech, assembly, thought, ownership, etc. These freedoms were not secured by workers in the supposed birthplace of capitalism until the twentieth century. But, even then, to survive in a capitalist society without paid work is difficult, and the choice of work or employer is often too limited to allow us to say that workers can 'move freely and seek work wherever they choose'.

2. *Relative versus Absolute Surplus Value Production*

Brenner argues that the adoption by large landowners of new technologies to increase labour productivity revolutionized social relations of production.

Marx defined two forms of capital accumulation (in Marx 1990: Vol. I): absolute surplus value production and relative surplus value production. The first involves extensive gains – a simple multiplication of the capacity at a given moment, e.g., through lengthening of the work day;[15] the latter involves intensive gains – an improvement in production techniques (more discussion of this can be found on page 69).

Brenner argues that in pre-capitalist societies social relations of production are 'in large part' confined to 'the realization of surplus labour through the use of 'methods of extending *absolute* labour' (Brenner 1977: 32); what occurred in the English countryside in the fifteenth century was the production of *relative* surplus value, which produced a social system in which labour had become commodified.

But Kenneth Pomerantz argues that there is abundant evidence that the expansion of output that occurred between 1500 and 1800 in Western Europe resulted 'largely from the application of much larger amounts of labour (i.e., methods of absolute surplus value production), 'rather than any breakthrough in productivity' (i.e., the use of relative surplus value production) (Pomerantz 2000: 91).

Owners of large farms were primarily concerned, not with increasing yields per acre, but with preserving the long-term value of their land and making money. This 'often involved forms of estate management which did not maximize food production at all' (Williamson 2002: 19). They were just as likely to use this land for 'the mere exploitation of short-term market scarcities or the formation of convenient country seats for the enhancement of status' (Reddy 1987: 9). When landowners were inclined to increase yields per acre, they did not necessarily care to invest in new agricultural techniques in order to do so. They were more likely to increase production through using the methods of absolute surplus value production. Why invest in new technology, why undertake new expenditure on fixed capital and pay for harvesters or tractors and the skilled labourers to operate them when you can lower wages by spreading the same amount paid for wages over a longer workday or a larger number of workers (whole families working to provision the household rather than just a single 'breadwinner')? Employers wish to reduce the number of labourers employed in order to reduce labour costs and to maintain a reserve army of workers in order to keep wage levels down. But if a worker's wife and children are pulled into the workforce, and the wage paid to him alone is reduced so that the employer gains a larger workforce for the same amount of wages, then these theoretical incentives for increasing relative surplus value disappear.[16] Moreover, increasing absolute, rather than relative, surplus value production was preferable in that it did not require a transformation of class relations.

English agriculture was not mechanized, but remained, instead, dependent on methods of absolute surplus value production. The majority of farms in England and Wales did not possess either a tractor or a milking machine until World War II. Despite their having been available for some 30 years or more, their usage remained relatively limited and investment in them relatively low.[17] When blockade and the shortage of shipping during World War II made it necessary to expand domestic food production, within five years 'British agriculture changed from one of the least to one of the most mechanized of farming systems in advanced countries'. Arable acreage increased by 50 per cent and the number of tractors and combine harvesters on British farms multiplied almost fourfold. Food imports decreased by half, and home output almost doubled, with only about a ten per cent increase in the workforce (Hobsbawm 1968: 204–5).

Labour costs can be reduced by lowering the costs of food. But the acquisition of the New World made it unnecessary for Europe to use its own land in a much more intensive and productive way.

American agricultural productivity in the 1830s was 50 per cent greater than Britain's and three times greater than continental Europe's (Darwin 2007: 241). There was a 50 per cent increase in world crop cultivation between 1840 and 1880, half of it from the United States, Australia, and Canada (Hobsbawm 1975: 179). A growing world trade in agricultural produce and raw materials meant that manufactured goods created without much use of British land could be exchanged for ever-increasing amounts of land-intensive food and fibre at reasonable prices (Pomerantz 2000: 269). Later, of course, 'the New World supplied land-intensive cheap commodities, especially cotton and wheat and then also meat, while also absorbing 60 million of Europe's surplus population' (Frank 2001: 180). 'The import of virtually free calories from the sugar/slave plantations . . . obviated their production in Europe' (Frank 2001: 181). The increase in agricultural productivity, measured in calories per acre, was due not to new relations of production, but to new products from the Americas, such as the potato (Komlos 1998).

Wheat yields did not increase as a result of relative surplus value production. Greater yields per acre does not mean more wheat is being produced. The adoption of a four-course rotation – not greater productivity – yielded more wheat. As Williamson explains, farmers practiced a three-course rotation in many parts of England in the seventeenth century and, by the 1830s, had adopted a four-course rotation. While wheat yields increased, less land was sown with wheat; so 'the actual increases in *production*' were not as great as the raw yield figures suggest (Williamson 2002: 18).

3. Increased Labour Productivity and Industrialization

According to the overall argument being considered here, improvements in agriculture and increasing agricultural productivity provided the basis for England's industrial take-off by releasing workers for, and supporting them in, industrial jobs in the city. The fact that urban population of England doubled between 1500 and 1700 confirms, for Ellen Meiksins Wood, the highly productive character of British capitalist agriculture. It was because fewer people were required to produce foodstuffs, she maintains, that workers were freed up to work in the cities in burgeoning industrial enterprises (Wood 1999: 97).

But Charles Tilly has shown that workers for urban industrial centres more often came, not from agriculture, but from 'de-industrializing towns and villages of the hinterlands' (Tilly 1983: 138–39). 'Various forms of proto-industrial production – including cloth making, metalworking, and mining industries – had developed in many rural regions during the sixteenth and early seventeenth centuries and had formerly constituted a major part of the economy' (Williamson 2002: 169). The second half of the eighteenth century saw the progressive deindustrialization of these regions. This led to 'an exodus of wage-workers from rural areas' followed by smallholders, sharecroppers, and petty tenants. 'The result was to leave behind the larger farmers, both owners and leaseholders'. It was often to make farms less dependent on hired labour, and more dependent on family labour than they had been for centuries (Tilly 1983: 133, 136).

The profit-driven reorganization of agriculture in the sixteenth century was not based on relative surplus value production. The key element in increased agrarian production was labour intensification and crop specialization rather than class relations or farm size.

This produced neither prosperity and a well-fed population in the countryside, nor industrialization in the towns and cities. In 1851, 'agricultural units of production, tenurial arrangements and techniques of cultivation had hardly changed since the Restoration (1660)' (O'Brien 2000: 124–125). In the eighteenth century, 400 landowners controlled over 20 per cent of the cultivated land of England and Wales. At the end of the eighteenth century, these landowners and the wealthy gentry (comprising around 700 or 800 families) and the lesser gentry (3000 or 4000 families) together controlled about 75 per cent of the cultivated land of England and Wales (Tribe 1981: 42). At the end of nineteenth century, 175,000 people owned ten-elevenths of the land of England, and 40 million people the remaining one-eleventh (Romein 1978: 195). The landless rural population subsisted on low wages, the rest on small plots of land which produced few crops for export or sale to industry, as most farmers had no access to loan capital for the purchase of tractors, metal ploughs, or chemical fertilizer. On the eve of World War I, more than 60 per cent of the adult agricultural labourers of the Kingdom received less than the amount necessary for the maintenance of a labourer and his family on workhouse fare (Ogg 1930: 174).

III. The Integration of Europe into the Asian-centred Trading System

We can draw together different strands from various accounts to form a single narrative, starting with (1) the Black Death, which shifted the balance of class power in Europe; (2) the weakening of juridical and political power as a result of continued peasant resistance and its re-establishment in the absolutist state (missing from Brenner's account); (3) the revival of trade and growth of cities, which made it possible to get value from land, not from agriculture but by producing for export industries; and (4) the shift, by the feudal class, from claims to power over people to claims to power over land (enclosures).

Changes within late feudalism in Europe occurred within the context of an expanding world economic market – a major new phase of world commercialization that had developed after AD 1000 (Mann 1986). The rise of a massive market economy in China during the eleventh century was, as William McNeill describes it,

> a tipping point which may have 'sufficed to change the world balance between command and market behavior in a critically significant way. . . . and as Chinese technical secrets spread abroad, new possibilities opened in other parts of the Old World, most conspicuously in western Europe
>
> (McNeill 1982: 50–54)

It was the scale on which this kind of behaviour began to affect human lives that was new. 'New wealth arising among a hundred million Chinese began to flow out across the seas (and significantly along caravan routes as well) and added new vigour and scope to market-related activity' (McNeill 1982: 53). Within the Sea of Japan and the South China Sea, the Indonesian Archipelago and the Indian Ocean, and in the Mediterranean, an upsurge of commercial activity took place over the next 300 years.

Trade routes across the Mediterranean reopened from about the eleventh century, for the first time since the Islamic conquest of the Mediterranean region had cut Europe off from them in the eighth century, and this led to a revival of long-distance trade between Europe and other world regions. Consequently, the kind of trade and commerce that had been pursued elsewhere for centuries now developed in Europe. As Stephan Sanderson notes, 'European seamen and traders made the Mediterranean a miniature replica' of the commercial activities occurring simultaneously in the southern oceans. In the fourteenth century, these separate sea networks were 'combined into one single interacting whole' (1995: 266).

Beginning in the fourteenth century, this westward extension of the Asian system was marked, in Europe, by repeated waves of major epidemic diseases. The plague called the 'Black Death' originated near China and spread along the Silk Road, finally reaching Europe in 1348. By 1400, 70 to 80 per cent of the population of some cities and villages in England had died. By 1420, the Black Death and its related ailments had killed between 30 and 60 per cent of Europe's population (Herlihy 1997: 17). It took 150 years for Europe's population to recover. The demographic devastation in Europe shifted the feudal social structure towards a system of relatively equal small-scale peasant producers and decentralized political structures. This undermined traditional bases of social power and aristocratic incomes and threw the landed aristocracy into 'crisis'. The crisis was further exacerbated when, after the fall of Constantinople to the Ottoman Turks in 1453, the refusal of Muslims to trade with the Venetians and other Westerners disrupted the flow of status goods – spices, silks, and other luxury items – to Western Europe.

The inability to maintain the economic basis of their hegemony led to a crisis for aristocratic landowners in Europe. It is reasonable to assume that they would seek, as in fact they did during the 'long sixteenth century' (1450–1600), to resolve the crisis in ways which would enable class power to remain in existing hands; through (1) the centralization of feudal mechanisms of economic exploitation in the absolutist state; (2) the use of armed ships to search for an alternative route to the East and the status goods on which they depended; and (3) the attempt to secure, through enclosures, the dominance of a new form of property in the means of production that shifted the balance of social power decisively in their favour.

The Long Sixteenth Century (1450–1600)

The crisis that threatened to destroy serfdom led coalitions of feudal lords to reorganize the feudal framework by combining feudal

seigneuries in the hands of the Absolutist state.[18] These states operated to reproduce, on a national scale, the feudal mode of extracting profit: the monarch lived largely on the taxes of peasants; the nobility was exempted almost entirely. Although the aristocracy lost some of its political powers, it continued to own the bulk of the fundamental means of production in the economy. Under feudalism, the authority to wage war, to tax, to administer and enforce the law had been privately owned as legal, hereditary rights by members of a military landed aristocracy. Under Absolutism, the King's great vassals continued to own important elements of public power as hereditary and legally recognized property rights. From the beginning to the end of the history of absolutism, the feudal nobility was never dislodged from its command of political power (Anderson 1974: 40).

In addition to securing the feudal mode of extracting surplus, states supported a search for an alternative route to the Asian luxury (status) goods needed to maintain traditional hierarchies.[19] Using the ocean-going craft that had developed to carry Europe's Atlantic coastal trade, sea voyages were launched to the East (around Africa) and West (across the Atlantic). These were followed by warrior merchants whose state-backed war fleets were used to plunder resources from the Americas and to muscle into and capture the trade routes, industry, and markets of Asia.

Ocean-worthy ships had been developed in Europe's port cities to carry the coastal trade linking the Baltic[20] with the Mediterranean. After Muslims refused to trade with Westerners following the fall of Constantinople in 1453, these ocean-going ships set out to find a means to reinstate the flow of luxury goods from the East. This search led to the discovery of the Atlantic islands (Canaries, Madeiras, and Azores), a sea route around Africa to the Indian Ocean, the great clockwise wind systems of the northern and southern Atlantic, and the Americas. These state-financed discoveries were followed by the launching of state-supported war fleets to find and capture wealth. It was the exploitation of overseas riches that, in addition to the changes they forced in property and production relations at home, enabled elites to reverse the social levelling that had undermined feudal structures and mechanisms of surplus extraction in Europe.

With armed ships, maritime powers along Europe's Atlantic coast – first the Portuguese, then the Spaniards, Dutch, French, and

English – gained access to Asia's flourishing trade. With government backing, Portuguese traders were able to acquire gold from west Africa, fund sea voyages to and beyond the Cape, and then 'fight or buy their way into the rich trade networks of Asia' (Christian 2004: 394). The Portuguese 'were able to enforce their naval supremacy in the Indian Ocean' with fleets carrying thunderbolt weapons that were able to overawe the smaller, more lightly armed vessels they encountered in the Indian Ocean. These weapons were 'more powerful, accurate, and psychologically devastating than any firearms hitherto available' there, and could only be defended against by building massive, and massively expensive, fortifications (Lieberman 1993a: 493).

Using its monopoly over some 80 per cent of the world's supply of silver (Darwin 2007: 97), Spain funded armed ships to wrest control of various trades from Asian competitors in the Moluccas ('Spice Islands'), Sri Lanka, the Straits of Melaka, Hormuz, and the Red Sea. Government-backed fleets of Dutch and British warrior merchants followed with a ruthless pursuit of trade monopolies by the Dutch East India Company and the British East India Company. During the sixteenth century, Amsterdam gained control of the trade in the Baltic, the North Sea, and along the Atlantic coast; and, towards the end of the century, held a quasi-monopoly over the trade of bulk commodities in Europe's coastal commerce, including grain, timber, iron ore, and copper, which were exchanged for salt and herring (Kriedte 1983 15). In 1602, the Dutch government sponsored the formation of an East Indies Company, which granted its merchants the right both to the spice-trade monopoly in East Asia, and to build forts, maintain armies, and conclude treaties with Asian rulers. Around the same time (1600), the British East India Company was granted a monopoly on trade with all countries east of the Cape of Good Hope and west of the Straits of Magellan.

Intense competition among Dutch, Portuguese, and British warrior merchants during the sixteenth century accelerated the militarization of Indian Ocean routes and sites. Charles I of England (1600–1649) launched a major programme of warship building and created a fleet of powerful ships. The British navy established military control of the oceans and the trading routes to the Americas and the East by constructing strategic bases at Gibraltar, Singapore, the Cape of Good Hope, Malta, Alexandria, Vancouver Island, and, later, Aden and Hong Kong.

Capitalism and Mercantilism

A useful starting point for elaborating the system that resolved the crisis of feudalism is Fernand Braudel's understanding of capitalism.

According to Marx, capitalism developed through three phases, dominated respectively by merchant (commercial), industrial (productive), and financial (money) capital. Capitalism, in the stage of *merchant capitalism* (referred to as 'mercantilism') revolves around trade, and is a form in which merchants mediate between the producer and the consumer in order to make a profit. *Industrial capitalism* revolves around production. Here, profit is sought through organizing the production and selling of manufactured goods. *Finance capitalism* is a form which makes profit from purchasing, selling, and investing in currencies and financial products (e.g., stocks and bonds), making more money from money without having to produce anything.

Braudel challenges the notion that capitalism developed 'in a series of stages or leaps from mercantile capitalism to industrial capitalism to finance capitalism', and that true capitalism appears 'only at the stage when it took over production' (Braudel 1984: 621). He points out that, because the goal of capitalism is to maximize capital accumulation, capitalists are 'inherently generalist in nature: they are neither financial, nor merchant, nor industrial, but any and all, depending on the size of the profits available' (Taylor 2000: 7). The 'whole panoply of forms of capitalism – commercial, industrial, banking – was already employed in thirteenth-century Florence, in seventeenth-century Amsterdam, in London before the eighteenth century', and all were used simultaneously to maximize profit. Great 'merchants' were involved 'simultaneously or successively in trade, banking, finance, speculation on the Stock Exchange, and "industrial" production, whether under the putting-out system or more rarely in manufactories' (Braudel 1984: 621). The landowning aristocracy and the urban commercial bourgeoisie were closely connected; and agriculture, financial, and industrial interests were often found in the same economic groups, firms, or families. Landowners were often owners of or investors in urban enterprises. Colonial merchants supplied investment funds for plantation development in the Americas, and so were involved in production as well as exchange.

The Domain of Capitalism

Capitalist development is usually seen as beginning with growth within national borders, and then, continuing, through cross-border expansion. The general view is that domestic economies reach a point of 'saturation' and so expansion abroad becomes necessary as a means of securing markets for surplus goods and capital. But capitalism was 'born global':[21] it developed from the start across international frontiers rather than within them. This is the view that Fernand Braudel advanced.

Braudel understands material life as existing on three levels.[22] The first level is the world of daily ordinary economic life, of village barter and production for local consumption. The *second* or 'national' level is the level of towns and trade, of markets, currencies, and transport systems. Economic life within political units 'took place in *micro-economies* centred in market towns surrounded by an agricultural hinterland of about twenty miles' (Schwartz 1994: 13). These did not trade with other towns until well into the era of inland waterways (canals) and railroads. An international economy – a complex division of labour linking economic areas located in different political units – existed long before then (Schwartz 1994: 13); and when micro-economies became linked together it was for the purpose, not of expanding and integrating local, national economies, but for international trade. We might think of Braudel's *second and third levels as together constituting his third, supra-local domain:* an arena above that of local and national markets, in which 'regular transactions are possible for only a subset of the population'.[23] It is on this third, *supra-local level where we find the domain of capitalism*.

As Braudel emphasized, material progress generally delivers advantages only to a narrow elite; and the expansion of capitalism was, from the start, no exception. The basic objective of capitalism is, not to produce goods and services, but to maximize capital accumulation (create and concentrate wealth). Since the best way to secure large profits is not through engaging in competition with others in

open, free markets, but through establishing monopolies, capitalism was, from the start, anti-market and dominated by monopoly.

Capitalists pursue monopoly not only to maximize capital accumulation, but to maintain the subordination of labour. The production of surplus value depends on maintaining the unequal factor endowment between owners of capital and sellers of labour. It requires a strategy for how value is both to be realized (trade patterns) and allocated (investment patterns) (Lefebvre 2003: 93). Expanding long-distance exchange avoids the social levelling that the expansion of domestic markets might generate and helps provide resources for maintaining the subordination of local labour, creating connective relations and capacities among elites within and across national territories.

Monopoly versus Markets

Capitalism, for Braudel, is dominated by monopoly and relies, not on markets, but on political relations and military power. Capitalists are not interested in maintaining general, fair, and free access to resources. Accumulation, whether capitalist or non-capitalist, is based on exclusion. The great trading cities of the fifteenth and sixteenth centuries, such as Venice and Genoa, 'were in search of an international monopoly' (Braudel 1982: 420); all the big businesses in seventeenth-century Amsterdam were built up on monopolies (Braudel 1982: 422); and state-supported monopolies dominated in England – the South Sea Company, the Hudson's Bay Company; and the English East India Company, which had a monopoly on the sale of all commodities imported into England from the 'East Indies' (all the land east of Lebanon).

In the nineteenth century and early twentieth century, monopoly continued to dominate in the large plantations, large trading companies, transnational corporations, and state enterprises that formed the basis of networks of transnational, cross-regional exchange. Even in Britain, the supposed home of the free market, the agricultural, financial, and industrial sectors were bound by monopoly and restriction. Monopolies (trusts, cartels, syndicates) dominated industry right into the twentieth century. These eliminated competition, fixed prices, shared out supplies, bought raw materials *en bloc*, cut out middlemen, led to a hyperconcentration of capital, and enabled employers to unite more effectively against labour. Braudel observes that capitalism in the nineteenth century 'has been described, even by Marx, even by Lenin, as eminently, indeed healthily competitive'. We may well ask, as he does, whether such observers were 'influenced by illusions, inherited assumptions, ancient errors of judgement?' (Braudel 1984: 628).[24] Lenin believed, wrongly, that 'monopoly capitalism' was a new, late stage of capitalism. What he was observing was a diversification of the forms of monopoly.

For both Weber and Lenin, genuine capitalism is associated with competitive markets, and monopoly with nineteenth century imperialism. For Weber, imperialism was a monopolistic system of control pursued by groups who sought monopoly profits. Lenin argued that free competition began to be replaced by 'monopoly capitalism' at the end of the nineteenth and the beginning of the twentieth century as a result of the internationalization of capital and vast increase in large-scale production (Lenin 1973: 11). But there is no evidence that there was a stage of competitive capitalism that predated the emergence of imperialism or 'monopoly capitalism'. Monopoly, not competition, became central to the normal operation of capitalism from the start – not as an exception (as Weber thought), or as a late stage in its development (as Lenin would have it).

The Last Frontier: Freeing Capital from Local Economies

In Western Europe, the Ottoman lands, China, and Japan a 'general crisis' seems to have occurred in the first half of the seventeenth century. Falling prices, depleted stocks of precious metals, and dramatic climatic shifts caused fiscal crises for the absolutist agrarian states characteristic of Eurasia (Richards 1990: 625; see also Atwell 1986, 1990; Goldstone 1988). Throughout Eurasia this was a period of political instability and war. China and Japan 'experienced severe economic problems that were at once interrelated and strikingly similar to those that were occurring in other parts of the world at the same time' (Reid 1990: 639). In Europe, this was 'the darkest era . . . since the catastrophe of the fourteenth century' (Fischer 1996: 91). Everywhere, economic contraction was accompanied by social upheaval. There were major political crises in Brazil, Morocco, India, China, and the Ottoman Empire. Within Europe, there were crises in Bohe-

mia, Germania, Catalonia, Portugal, Ireland, England, Scotland, Holland, Sweden, Italy, the Ukraine, and Muscovy. The Thirty Years' War (1618–1648) – one of the most destructive conflicts in European history – was followed by civil conflicts in England, France, Spain, Portugal, and Italy, and the First Russo-Turkish War (1677–1681), the Austro-Turkish War, the fall of Vienna in 1683, and the European Nine Years' War (1689–1697), which became a worldwide event.

By 1700, political upheavals and wars in Europe had come to an end, leaving in their wake falling grain prices, rents, and interest, and rising wages. As in the aftermath of the Black Death, the distribution of wealth became a little more equal (Fischer 1996: 103–104). This had made European societies more egalitarian. However, this 'age of improvement' for artisans and labourers and the great majority of Europe's population, during which wealth became more broadly distributed, was experienced by lords ('and the historians that read their letters and shared their perspective') as a depression (Fischer 1996: 108).

In England, the expansion of trade had led to a growing interest on the part of local elites in enclosures, something which, prior to the English Civil War (1642–1651), the monarchy had resisted. Enclosures had continued mainly by 'individual acts of violence against which legislation, for a hundred and fifty years, fought in vain' (Marx 1990: Vol. I, 677; in Katz 1993: 379). However, after 1660, parliamentary leaders 'converted all lands that were formerly held of the king by feudal tenure into absolute ownership'; and by the late seventeenth century, enclosures had given the gentry ownership of 60–70 per cent of the land: 25–33 per cent was owned by the yeomanry, and 5–10 per cent by the Church and the Crown (Lie 1993: 292). The enclosure movement in England 'experienced a veritable boom' during the eighteenth century, 'reaching its climax during the Napoleonic Wars' (Katz 1993: 379); and, with it, came 'the destruction of the peasantry, the rise of agrarian wage labourers, and the growing spectacle of the rural poor' (Lie 1993: 292).

The expansion of Eurasian markets, which drew feudal lords in like a magnet, accelerated the enclosure movement. The ability of elites to privatize gains from foreign trade shifted the balance of power locally, and reinstated and worked to reproduce social hierarchies. All over the world elites faced with opportunities to accumulate wealth dispossessed peasants and turned them into serfs or wage slaves. In Western Europe, nobles expropriated the peasantry from the land and turned their estates over to the raising of sheep in order to sell their wool on the market. In other parts of the region, elites took advantage of these opportunities by maintaining, and even strengthening, the traditional mechanisms of economic exploitation.

Enclosures shifted the balance of power in the English economy away from cottagers and yeoman farmers and towards the rural gentry and the traditional landowning aristocracy. The developing commercial interests of these elements eventually drew them together and into an alliance with the rich and powerful merchant elite of London (Lie 1993: 292).

By the middle of the eighteenth century, the increase in rural population and the pressure of aggregate demand had pushed up prices everywhere in Europe, particularly for staple items purchased by the poor. With prices rising, pressure mounted for monetary expansion. As governments responded to the price revolution, public spending tended to exceed income. Rents increased sharply, making the mid-eighteenth century a golden age for country gentry and landowning elites, as well as for commercial capital.

With wages falling behind inflation, income differentials, once again, began to widen. The concentration of wealth and growth of inequality was evident throughout Europe (Fischer 1996: 138). Sharp rises in the cost of living in Britain in 1740–1741, 1757, and 1767 were accompanied by rioting over large parts of the country. In Prussia recurring peasant revolts broke out beginning in the 1770s. In France, a grain crisis and an industrial depression in the 1770s raised the price of grain by 56 per cent, but increased wages by only 12 per cent to offset it (Hufton 1974: 16). There were interstate wars (1740–1748, 1754–1763), and colonial movements for autonomy and secession (in the United States, 1776–1783; Ireland, 1782–1784; Belgium and Liège, 1787–1790; and Holland, 1783–1787), and a global war (1754–1763) involving heavy fighting in the Americas, Asia, and central Europe.[25]

A world depression in commerce and industry began in 1782 and, by 1789, had cut the output of France's textile industry by 50 per cent (Fischer 1996: 44). Unemployment rose sharply, wages fell, and the price of food shot up. This shifted the balance of social power

throughout Europe still further towards the wealthy elite, thus enabling them to dismantle the moral economy of the eighteenth century.

The End of the 'Moral Economy'

The term 'mercantilism' was coined during the nineteenth century. Adam Smith (1976) used the term 'mercantile system' to describe the system of political economy that dominated Western European economic thought and policies from the sixteenth to the late eighteenth century. The term is usually used to refer to a political order characterized by strong central government, and a set of policies, regulations, and laws, developed over the sixteenth to eighteen centuries, that subordinated private economic behaviour to national purposes (Heckscher 1955).

Mercantilist policies promoted merchants and trade. But, by the eighteenth century, absolutist rulers regarded the aim of trade to be the accruing of benefits to one's country. They favoured state overview, regulation, and subsidy to promote the broader interests of the nation over the private interests of merchants, and to align the merchants' interests with the nation's. They offered subsidies and privileges as a way of orienting production, and regulated both foreign and internal trade. Mercantilist policies promoting overseas trade provided governments with a source of tax revenues and loan capital that enabled them to gain a certain degree of 'autonomy' from the local nobility. Overseas trade could be taxed to the benefit of central government more efficiently and with fewer negative domestic consequences than any other activity.

In Europe, states eventually obtained outside sources of revenue by allowing a high degree of foreign ownership of industry and a variety of credit, ownership, technological, and marketing dependency relationships with international capital. In Portugal and Spain, the Netherlands, England, and France, central governments adopted mercantilist policies and profited from taxes on trade, and also through borrowing from the very merchants whose trade they promoted. Strong central governments could more powerfully protect businesses that improved societies by buying and selling the produce of the land and putting workers to work.

While, originally the 'Absolutist' state was an instrument of feudalism, eventually it competed with and encroached upon direct seigneurial extraction. By the eighteenth century, European monarchs had been able to gain sufficient autonomy to establish what later came to be characterized as a 'moral economy' – one in which states ensured that basic needs were met either through public or through private bodies but with state oversight and enforcement.[26] In Britain, France, Prussia, the Hapsburg Empire, Prussia, and elsewhere, governments established equality before the law, the free circulation of property and goods, and religious toleration, and confiscated church lands and removed occupational barriers. Louis XV (1715–1774) attempted to abolish feudal rights and guild restrictions, and to introduce a general property tax, a tax on aristocratic incomes, and abolition of numerous feudal burdens of the peasantry. In the Hapsburg Empire, Joseph II (1765–1790) decreed the abolition of serfdom and the guilds, and toleration for the denominations. Frederick William I of Prussia (1688–1740) instituted far-reaching educational, fiscal, and military reforms. Frederick II (1740–1786) introduced legal reforms and sought to extend freedom of religion to all his subjects.

Absolutist governments in England,[27] France, and elsewhere in Western Europe regulated local markets, controlled employment and settlement, and were active in providing welfare.

In England, marketing, licensing, and forestalling measures set maximum prices on staple foods such as meat and grain, prevented middlemen merchants from bypassing or cornering the market, and ensured quality control, a 'just price', and an adequate domestic supply of goods (Lie 1993: 282). Magistrates surveyed corn stocks in barns and granaries, ordered quantities to be sent to market, and attended the market to ensure that sellers adhered to regulations and statutes governing quality and price. Legislative controls were placed on the export of grain when prices were high. Municipal governments made bulk purchases of corn and sold them to the poor, sometimes below the prevailing market price. 'Whether hidden or open, real transfer payments were made when food was provided for the urban poor in the sixteenth and seventeenth centuries'. When town councils incurred losses as a result, these were often made up by corporation or charitable funds, from councillors' own pockets, from benevolences from city companies, or from rates levied for the

purpose (Slack 1988: 146). German towns 'applied price controls to protect the consumer from attempts by the guilds to form cartels and also fixed minimum and maximum daily rates for labourers and craftsmen'. Munich set wage rates for weavers that would see them through times when demand for their labour fell off. The Nuremberg Council set a maximum profit for bakers when their earnings seemed too high (Kellenbenz 1976: 36).

Absolutist governments also recognized it as the responsibility of the state to provide maintenance. The state role in the provision of welfare was a Europe-wide phenomenon. The growth of urban areas in Europe in the later Middle Ages generated new problems and legislation by city governments to protect individual welfare through consumer protections and with legislation with respect to poverty. Legislation introduced by more-or-less autonomous city governments became the basis of national welfare systems.[28] Territorial states 'eventually took over the legislative and regulative functions performed by the cities', and then 'expanded the perimeters of welfare to include public education, public security in all forms, and social welfare' (Dorwart 1971: 3).

Tudor and Stuart governments in Britain introduced legislation making the state responsible for social welfare, and began to put in place 'a complex apparatus through which to realize it' (Slack 1988: 1). Legislation was introduced to set up new institutions for poor relief, and to establish a system of hospitals to provide medical care for paupers. By 1700, England had a national welfare system.[29] By the eighteenth century, France had established a nationwide welfare system.[30] By 1770, Prussia had introduced measures establishing a cradle-to-grave welfare system guaranteeing every Prussian subject adequate food, sanitation, and police protection.[31] In 1776, miners were guaranteed a fixed income and the right to work, a workday restricted to eight hours, and a prohibition against female and child labour and Sunday shifts. A benefits scheme (*Knappschaftswesen*) provided free medical treatment in case of illness or accident, sick payments during the whole period of illness, and invalid payments in case of permanent disablement (Tampke 1981: 72–73).

In sum, Europe's eighteenth century 'moral economy' was the product of government regulation that enabled workers to exercise power both as labourers and consumers. Governments regulated markets on behalf of local people, instituted price and wage controls and other labour protections, and were active in providing welfare. In order to escape these and other aspects of the 'moral' economic order, locally powerful groups sought to expand production for export and increase long-distance trade. Seeking to enlarge profits by expanding production for export, they pressed increasingly for a reorganization of economic relations and freedom of market relationships from legal control (textile manufacturers were opposed to regulations, taxes, and the welfare system; commercial banks wanted an end to restrictions on the free movement of capital). Their aim was to preserve their privileges and prerogatives, to privatise new sources and means of producing wealth, to dismantle much of what today we would consider socially enlightened about 'liberal absolutism', and retain much of what was not in a new guise. Governments ultimately bowed to these pressures and, having previously allowed changes in the institutions of property and the relationships of production, enclosures of land, and the concentration of capital and landownership, ended their limitations on exploitation for personal profit, protections for labour, including apprenticeship and wage regulations, and the provision of welfare. By the end of the century, a broad campaign to dismantle regulations tying production and investment to local economies succeeded in 'disembedding' capitalist development and accelerating the globalization of capital. The outcome of this campaign will be the focus of Chapter 3.

Conclusions

In contrast to the theme of disjuncture emphasized in standard accounts, this chapter has emphasized how a changed domain of global interaction combined with fundamental structural continuities to produce roughly contemporaneous similar developments in cities across the world. The transition from feudalism to capitalism in Europe did not entail a leap forward to a radically new form of social organization, as Table 2.1 shows.

Conventional accounts of the 'crisis of feudalism' and the emergence of capitalism tell the story of an outmoded system that had reached its limits and was forced to give way to a new world. This chapter has argued that the 'crisis of feudalism' was not a general crisis, but a crisis for the wealthy elite. It involved a flattening of traditional hierarchies that undermined the system of accumulation and those it privileged by redistributing wealth and reducing aristocratic incomes. Elites sought to resolve the crisis by finding ways to reinstate and reproduce those hierarchies. This did not entail a leap forward to a structurally new form of social organization, but by Europe's integration into an expanding Eurasian mercantilist trading system. Europe's entry into this system did not bring about a radical disjuncture or difference in it. Born within this system and, even while contributing to its ongoing development, Europe long remained its child.

Table 2.1 Co-existence of Capitalism and Non-capitalism
(**Boldface** indicates characteristics which predominated throughout the century)

Capitalist	**Pre-capitalist**[32]
• **Labour is:** (1) 'free' of feudal obligations (2) **dispossessed (separated from the means of production)**	• **Labour is:** (1) **bound by feudal obligations** (2) in possession of means of production
• Surplus extracted from the dispossessed producer by economic 'coercion'	• **Surplus extracted from the dispossessed producer by extra-economic compulsion**
• Generalized commodity production (production primarily for sale; labour power itself a commodity)*	• **Self-sufficient localized economy supplemented by simple circulation of commodities**
• Extended reproduction of capital and rise of organic composition of capital*	• **Simple reproduction where surplus is largely consumed**

* Found only in industrial sectors producing for export, as will be discussed in Chapter 3.

3 Industrialization and the Expansion of Capital: Core And Periphery Redefined

The development of capitalism, according to most accounts, involved sweeping changes, first in agriculture and then, in its second and most vital stage, in industry. The previous chapter challenged conventional assumptions about the *agricultural revolution* which, it is generally thought, laid the basis for England's industrial 'take-off'. This chapter challenges widely held assumptions about the *industrial revolution*.

We can begin with the term 'industrial revolution' itself. As historians have long argued, the use of the term 'industrial revolution' to describe the changes that took place in Europe during the latter half of the eighteenth century is misleading (Clark 1957: 652).[1] The term suggests that there occurred at that time a revolution in technology that transformed the means of production. But there was no technological revolution, no transformation in means of production during the period of what we call the 'industrial revolution'. Large-scale mechanized manufacturing had existed, in Europe as elsewhere, for at least a century (more likely several); and while Europe at that time saw an increase in the scale of industrial production, involving a massive mobilization of human and material resources and a reorganization of production processes, this revolution of scale, as it might be called, involved neither a revolution in technology nor a transformation either of means or relations of production.

What, then, is meant by the term 'industrial revolution'? The previous chapter ended by noting that, in the eighteenth century, powerful groups in Europe had launched a broad campaign to dismantle regulations tying production and investment to local economies. As

this chapter will recount, by the end of that century, these efforts had succeeded in bringing about changes designed to 'disembed' local economies and accelerate the globalization of capital.[2] Conventional historiography would lead us to assume that these developments, along with other changes at the time, were a result of the 'industrial revolution'. But this chapter will argue that it was precisely these changes – the disembedding of local economies and the globalization of capital – that came to be called, misleadingly, the 'industrial revolution'. Wherever industrial production expanded, whether of manufactured or agricultural or mineral goods, it was in order to increase exports. In Britain ('the first industrial nation'), the capture of overseas markets through military means, and the successful struggle by aristocrats and wealthy merchants to free capital from state regulation, provided opportunities for these groups to profit from increasing overseas sales. It was only *then* that existing technologies were used to expand industrial production; and this expansion was designed, from the start, to produce goods, not for local and national economies, but for export, principally, to elites, ruling groups, and governments abroad.

I. The 'Industrial Revolution'

'Industrialization' refers to the application of non-human energy and the factory system to the production of goods. But there was no significant change in technology in the mid-eighteenth century (that came in the mid-sixteenth century). The first manufacture to be industrialized, cotton, used 'fairly simple' technology that 'required little scientific knowledge or technical skill beyond the scope of a practical mechanic of the early eighteenth century' (Hobsbawm 1968: 59). Mechanized large-scale production existed in Europe before the so-called 'industrial revolution', and 'factories' in previous centuries ('i.e. large scale firms, partly mechanized and with considerable fixed capital investments'), as for instance, silk filiatures, 'bore similarities to their eighteenth-century counterparts producing cotton yarn' (Komlos 2000: 317).

Before the 'industrial revolution' there were huge iron combines (multi-plant firms) in operation, and large-scale copper smelters, chemical works, and engineering shops. In the early part of the eighteenth century, there were 'bleacheries, dye works, glass works, blast furnaces, paper works, and textile printing firms' that employed 'hundreds, often thousands, of workers, and used some machines in the process of production' (Komlos 2000: 317). The 'first modern British textile factory', a large water-powered silk throwing mill, was put into operation in Derby in 1721 (Komlos 2000: 316).

Industrial production in Britain was undertaken in order to expand exports; but even in its export industries – textiles, coal, iron, steel, railways, and shipbuilding – Britain was slow to adopt new techniques or improvements. Britain's industrial 'breakthrough' began in the 1780s and 1790s with the mechanization of one branch (spinning) of one industry: cotton. The other branch, weaving, remained unmechanized for 40 years. The introduction of the factory system in spinning actually increased the number of *domestic* weavers (to handle the expanded production in yarn). Between 1806 and 1830 the number of factory workers in textiles rose from 90,000 to 185,000, while the number of domestic weavers increased to almost 240,000 (Gillis 1983: 41). Traditional manufacturing organized around the putting-out system continued to make profits of as much as 1000 per cent (Gillis 1983: 159) and, as long as it did, there was little incentive to introduce new techniques.[3]

In major industries, such as glass, bricks, mining, furniture, shipbuilding, food processing, finished metallurgy, and clothing, 'ratios of capital to labour' and 'the tools and techniques used to perform manual and skilled work were the same in 1851 as they had been in 1700'. There was a slow diffusion of steam power; but the use of traditional forms of energy – provided by wind, water, animals, and human toil – predominated, as did small-scale units of production. Factories and corporations 'were untypical, not modal forms of organization' (O'Brien 2000: 124–125). By 1850, the total number of factory workers in England amounted to not much more than 5 per cent of the work force (Lis & Soly 1979: 159).

Industries producing goods for domestic household consumption were not mechanized. These industries, 'hosiery production, clothing, leather trades, coach making, building industry, food stuffs, and scores of others were produced using traditional methods well into the century' (Komlos 2000: 320). Those that made buttons, locks, nails,

cutlery, and tools continued to turn out their products in small forges with moulds and hand tools. They 'were not transformed before the latter part of the nineteenth century', and then often by adopting techniques from abroad (Davis 1979: 64). Despite the British origins of the machines and machine tools industry, it was not until the 1890s that automatic machine-tools production was introduced in Britain under the impetus of the United States, and the desire on the part of employers 'to break down the hold of the skilled craftsmen in the industry'. Gas manufacture was mechanized late, and as a result of pressure from trade unions (Hobsbwam 1968: 181).

What was the Industrial Revolution?

What we call the 'industrial revolution' was essentially a *reorganization* of production involving the deregulation of markets and capital, the concentration of production, and the introduction of new forms of dominating and putting to work the lower classes. Having succeeded in circumscribing the power of 'absolute' monarchs, alliances of urban-based merchants and rural elites in Europe dismantled state regulatory and welfare systems that required capital to serve the needs of local communities; they then introduced measures that eradicated the remaining vestiges of Europe's 'moral economies'. This reorganization of economic life was undertaken to prepare the way for a brutal expansion of production-for-export that became a model for elites and ruling groups throughout the world. It is this disembedding of local economies and expansion of production for export that we call the 'industrial revolution'.

The Deregulation of Markets

By the eighteenth century, the occupation of the North American interior by Europeans and their slaves had brought about 'a colossal extension of the European economy' (Darwin 2007: 211).

In the seventeenth century, societies across Eurasia had been wracked by crises. In response, European monarchs ('Absolutist' rulers) attempted to promote economic expansion by ending internal customs dues, breaking up entailed estates, and eliminating complex feudal regulations and customs. In the eighteenth century, fiscal crises increased pressures to expand agricultural productivity and urban commerce, especially after the world war of 1756–1763 (the 'Seven Years' War'), which left all the major European countries with large new debts. Throughout Europe, monarchs sought to introduce economic, fiscal, political, and social reforms aimed at improving agriculture, encouraging freer trade within their realms, eliminating the privileges of religious orders, setting up independent judiciaries, substituting salaried officials for hereditary office holders, and improving the status of peasants. Throughout these centuries, Europe's wealthy classes struggled against monarchical reforms that threatened to curtail their privileges and reduce their fortunes. After the mid-eighteenth century, alliances of urban-based merchants and rural elites in Europe increasingly sought to encroach upon the power of 'absolutist' states and to use that power to 'free' economic life from state control.

It is worth briefly reviewing this struggle, as it bears on assumptions, to be discussed further along, concerning the class structures that developed in the 'core' of the world economy.

Absolutist states emerged when a crisis threatened to destroy serfdom and undermine the feudal mode of production (see Chapter 2). The Absolutist state was, 'first and foremost' an instrument for 'the maintenance of noble domination over the rural masses': 'a redeployed apparatus of feudal domination', a 'new political carapace of a threatened nobility' (Anderson 1974: 18, 20).[4] Established at the behest of the landed aristocracy, it combined feudal *seigneuries* in the hands of a single seigneur (the monarch) in order to protect aristocratic property and privileges. Monarchs, who themselves belonged to the hierarchy of landed nobles and depended largely on their support, did not bring about any far-reaching changes in aristocratic social and economic domination. The landed nobility was exempted almost entirely from taxes (absolute monarchies lived largely on the taxes of peasants), continued to own the bulk of the fundamental means of production in the economy, and to occupy the great majority of positions within the total apparatus of political power (Anderson 1974: 18).

However, after the sixteenth century, European monarchs introduced reforms in response to fiscal crises which encroached on aristocratic privileges. The struggle that this precipitated has often

been characterized as culminating in a revolt against the mercantilist systems of 'Absolutist' states. But, once in control of state power, aristocratic landholding and financial interests only selectively dismantled these systems.[5] The social logics, structural forms, and cultural themes of those economic systems endured. In Britain, as in most European countries, mercantile policies and doctrines predominated until the middle of the twentieth century, particularly those that promoted overseas commerce, restricted the domestic market, and established monopolistic enterprises allied with state power (but with the privatization of their returns).[6]

Conventional accounts of this history assume that opposition to absolutism was principally concerned with a variety of 'freedoms'.[7] But the freedom that was being sought was freedom from a regulatory apparatus that ensured transparent, competitive markets, adequate provisioning of local communities, fair practice, and protection against monopoly and speculation, shortages and high prices.[8] Proponents of the 'free' market railed against the 'inefficiencies' of this apparatus; but their chief concern was to secure freedom from 'the requirement to trade inside open markets, by means of open transactions, and according to the rules and regulations which ensured fair practices and prices' (Lie 1993: 283).

In Britain, government rules and restrictions on economic activity were 'swept out of the statute books' (Deane 1979: 220), ending restrictions on capital, and dismantling the regulatory infrastructure of the moral economy that had developed over the course of the previous century. Restrictions on exports were lifted, import taxes imposed, and measures against engrossing and forestalling abolished (Lie 1993: 293). With these acts, the 'very authority whose responsibility it was to ensure the open market became the force which undermined it' (Lie 1993: 294).

Industrial Concentration and Production for Export

It is generally assumed that differentiation was the master process in nineteenth-century European industrialization. It was not. Instead, rural areas were deindustrialized and this led increasingly to the concentration of production in urban centres.

For several centuries industry was found mainly in small towns and rural areas, much of it owned by aristocrats, who played a major role as both entrepreneurs and investors of capital (Lieven 1992: 119).[9] Feudal landlords, drawing solely on the labour of serfs, dominated textile and mining industries and funded canal building and other improvements in transport in order to exploit the mineral deposits on their lands. The large increase in manufacturing in the seventeenth century, which produced workshops all over Europe and in all branches of production, came mostly from the proliferation of semi-independent producers in households and small shops. Capitalists multiplied as well, acting mainly as merchants rather than direct supervisors of manufacturing.[10]

But as capitalists began to take direct hold over the processes of production there was 'a great movement of capital concentration'. Production became concentrated into 'a few intensely industrial regions and, as capital, labour, and trade drained from the rest of the continent' (Tilly 1984a: 48), many previously industrial areas were deindustrialized (Tilly 1983: 134), 'proletarians departed from the countryside and withdrew from agriculture, net rural–urban migration accelerated, cities increased rapidly, and differences between country and city accentuated' (Tilly 1984a: 7–8).

The concentration of production in cities during the eighteenth century swelled the urban population, leading to the development of large-scale shoemaking and clothing industries and a great boom in the building industries. This boom required stonemasons, carpenters, and joiners, and led to a corresponding boom in the furniture, paperhanging, and artistic trades. Butchers, bakers, and metalworkers were needed to provision workers with food, cooking pots, cutlery, and other products. There was also demand for pottery, glass, and cotton manufacture on the part of a growing middle-income group of professional men, independent craftsmen, merchants and shopkeepers, small rentiers, and farmers, both in Britain and in the American colonies (Davis 1979: 64).

This expanding domestic economy provided the means for Britain's industrial 'take-off'. But, long before it had been exhausted as a market for goods and capital it ceased to expand. Instead, in Britain, as everywhere, industrialization led, not to the growth of a national market, but to the expansion and cross-national integration of export sectors. The output of Britain's industrial produc-

tion consisted largely of transport and communication infrastructure for purchase by foreign governments and ruling groups. Its export industries expanded 'much more, and more rapidly' than its home markets in the first half of the eighteenth century;[11] and they expanded faster than the economy as a whole throughout the nineteenth century.

A comparison of British industries that remained overwhelmingly dependent on home consumption[12] and those that relied mainly on export markets between 1781 and 1913 is given in Table 3.1.

The Increased Exploitation of Labour

As they took control of the industrial production that had grown up in Europe over several centuries and encroached upon the power of the state, landowners and their merchant allies in Europe turned the state back into an 'apparatus' of aristocratic domination.[13] Governments abdicated from previously held responsibilities and commitments, ended governmental limitations on exploitation for personal profit, and changed the nature and scope of exploitation.[14] New forms of dominating and putting to work the lower classes emerged, based, not on a revolutionary transformation of means of production (and an increase in relative surplus value production), but on an increase in *absolute* surplus value production.

Table 3.1 Mean Coefficient of Growth of Selected UK Industries, 1781–1913

Industries producing largely:			
For export		*For the home market*	
Iron and steel products	4.2	Sugar	2.1
Pig iron	4.2	Bread and pastry	1.1
Coal	3.1	Flour	0.8
Cotton fabrics	3.0	Meat products*	0.8
Cotton yarn	2.8	Leather	0.1
Woollen fabrics	1.8		
Total	**3.2**		**1.0**

Source: Hoffman (1955: 83, 85).

* Figure is for 1855–1913.

Profit is increased by reducing the cost of labour, either by (1) using machines to reduce the number of workers used to produce the same amount of articles (i.e., increasing *relative surplus value production*), or (2) increasing the amount of labour at no additional cost by, for instance, applying large quantities of unskilled or semi-skilled labour to production, or increasing the duration or the normal intensity of labour (i.e., increasing *absolute surplus value production*). The *first* of these raises the amount of capital devoted to technological inputs, and so lowers the relative contribution of capital invested in labour power in the total mix of capital inputs. While this might raise the amount of surplus, the *rate of surplus production* – and, thus, the rate of profit – would decline.[15] If machines are used to increase productivity in food and other wage goods sectors, this would reduce the cost of labour (the cost of reproducing labour physically) and so increase surplus labour time (unpaid labour) and, thus, the rate of surplus production. But this requires reform of land tenure and agricultural systems, and also increases the value of agricultural workers. The *second* way to reduce the cost of labour, increasing absolute surplus value production, reduces the cost of labour by getting workers to work longer or faster, by reducing the periods of the working day when they are not actually working; or by putting to work whole families (women and children) to earn, together, the same wage once paid to a single 'head of household'. Here, the employer gets more surplus labour time for no additional cost.

Britain's industrial expansion was based, not on increasing relative surplus value production, but on methods of absolute value production; not on a 'sharp rise in overall productivity', but on a 'massive enlargement' of the workforce (Darwin 2007: 195). Even where new machinery was introduced, the tendency was to increase absolute surplus value production in order to keep new machinery working and, thus, to pay back its cost (Marx 1990: Vol. I, 526, 530–531). The supply of coal increased, not by the introduction of labour-saving techniques, but by increasing the numbers of coal miners.[16] In the 1930s, 'more than 40% of British coal was cut, and practically 50% conveyed, without the aid of machinery' (Benson 1989: 16). Although British industrialization was based on the expansion of capital goods production for railway building, even here, rapid technical advances came, finally, only when compelled

by military competition and the modernizing armaments industry (Mathias 1983: 373–93). The growth of Britain's metal industries, driven by expanding markets for copper for sheathing ships' bottoms, and for tin and lead, was based, not on any revolution in production techniques, but on large amounts of non-factory labour 'making little or no use of mechanical power' (Davis 1979: 26).[17] Although Britain was pre-eminent in steel production and had pioneered major innovations in its manufacture, with the exception of the Bessemer converter (1856) it was slow to apply the new methods and failed to keep up with subsequent improvements; by the early 1890s, its steel production had fallen behind that of Germany and the United States.[18] Britain had also pioneered electro-technics; but by 1913 the output of its electrical industry was little more than a third of Germany's (Hobsbawm 1968: 180). The building industries grew by expanding employment, rather than by introducing innovations either in organization or technology. New techniques were introduced 'slowly and with considerable reluctance'. In the 1930s, half the industry's workforce still practiced 'their traditional handicrafts, especially in house-building' (Benson 1989: 20). A majority of those engaged in transport worked for small employers or were self-employed; in 1931, only 28 per cent of those employed in the sector were employed by the railways (Benson 1989: 22–23).

Methods of increasing absolute surplus value production were preferred because they increase the magnitude of surplus value irrespective of whether the products of the industries affected are articles habitually consumed by workers.[19] They also offer a means of expanding production and increasing profits without additional cost either in skilled labour or machinery. New machinery requires not only an outlay of capital, but an investment in workers' training which, in turn, converts workers into a 'quasi-fixed factor' of production (Becker 1969). These costs can be avoided by applying methods of absolute surplus value production,[20] and reducing the value of labour (the cost of reproducing it) by importing cheap food from abroad.[21] Securing cheaper food and other wage goods in exchange for exported manufactured goods cheapened labour and decreased pressure on landlords to lower agricultural prices through the rationalization of agriculture. But the mass of the labour force gained nothing; food costs decreased, but so too did wages.

Workers were gathered together in common locales on coordinated work schedules, placed under continuous surveillance and standard discipline, and transformed into mere instruments of production, 'hands'. This was a radical and often brutal process, and it was affected through political and military, in addition to economic, means.[22] Between the onset of war in 1793 and 1820, Britain passed more than 60 acts concerned with repressing working-class collective action. The anti-Combination Acts of 1799 and 1801 marked the 'abdication of the State from its role as neutral arbitrator in industrial conflict' (Randall & Charlesworth 2000: 4); by 1834, 'virtually every form of working-class association or collective action' in Britain was made 'illegal or licensable by the justices of the peace' (Munger 1981: 93).[23]

Thousands of troops were deployed to keep the 'peace' in industrial towns. By the late 1830s over thirty thousand troops were on permanent garrison duty in working-class areas of industrial towns in England. In the 1840s, local barracks and a state-controlled system of paramilitary and police forces were established as part of an organization headed by the Home Office, the local military command and the local Home Office intelligence network (see Foster 1974: Chs. 3 and 4).

Along with demands to eliminate the price and wage controls and labour protections of the Absolutist state came a clamour to eliminate the remaining vestiges of the national welfare systems that, in Britain, France, and elsewhere, had developed by the eighteenth century.[24] That these pressures were linked to the demand of manufacturers for an extensive, cheap, and docile labour force[25] was clearly reflected in the New Poor Law of 1834. The Law centred poor relief on workhouses, which locked workers into a choice between 'the iron-discipline' of either the factory or the workhouse (Lis & Soly 1979: 201). Public support would not go to individuals whose situation was in any way better than 'the independent labourer in the lowest class' (from report to Parliament, quoted in Lis & Soly 1979: 200), and would provide a standard of living below that of the lowest independent producer. To force the destitute to accept any job in any place for any wage, workhouses were designed to be as much as possible like prisons (Lis & Soly 1979: 202); an able-bodied man would receive no support unless he worked. As the safety net was

dismantled, women, children, and the inmates of poorhouses, workhouses, and penitentiaries became suppliers of labour; the workhouses and orphanages themselves became increasingly important as factories and workshops.[26] In this way, the cost of labour was shared between wages and poor relief.[27]

II. Industrial Production and the Expansion of Capital

The previous section provided snapshots of the 'industrial revolution'. We must move slightly backwards in time to fill these with detail and explain the underlying logic of the outcomes they describe.

The seventeenth century had seen an enormous increase in manufacturing throughout Europe. In England, and then in Holland, France, Spain, Italy, and Germany, domestic markets had expanded to provide an outlet for this increased production and had democratized local consumption (Perrotta 1997: 296). The idea became commonplace that increasing consumption, also by the lower classes, 'would provide a vital stimulus for industriousness and the spirit of enterprise' (Perrotta 1997: 298–299).[28]

However, after the mid-eighteenth century 'feeling against the labouring poor grew' as the appearance of new luxury goods and the growth of the merchant class began 'to change patterns of consumption and to blur the lines between the classes' (Perrotta 1997: 304).[29] With the blurring of class distinctions, and concern with enforcing the industriousness of labour and increasing and cheapening its supply,[30] writers began 'to condemn consumption by labourers of goods which were not demanded by the traditional standard of the labourer's class'.[31] Many condemned the luxury of the lower classes as a social or political evil. The general argument was that increased consumption by the lower classes and 'the luxury of the rising classes' would lead to the destruction of moral values and traditions and the overthrow of the old social order.[32]

Debates about consumption, class, and social order continued throughout the remainder of the eighteenth century. But they appear to have been definitively resolved as a result of the experience of mobilizing mass armies for the French Revolutionary wars.

Mass Mobilization for War and its Implications for Industrial Production

Europe emerged into its first century of industrial capitalism from the crucible of the French Revolution and the quarter century of war and revolutionary turmoil that followed. The Revolution marked 'a date in the human mind', as Lamartine said (in Hobson 1902: 9). It was 'something quite unprecedented': a political revolution that claimed to be acting on behalf of humankind and sought proselytes all over the world (de Tocqueville 1955: 110). In the world war which it triggered, French Revolutionary armies overran 'a vaster area than any body of conquerors since the Mongols' (Hobsbawm 1962: 117). This was the context within which dominant classes in Europe undertook to mobilize mass workforces for industrial production. A quarter of a century of political volatility had revealed the dangers of mobilizing – training, educating and, in other ways, empowering – masses of workers. At the time, many analogies were drawn between the trained and compact mass army of soldiers created in the Great War (1793–1815) and the mass industrial army of workers needed for industrial capitalist production.[33] Moreover, socialism had been born in the French Revolution and its focus, in particular, on eradicating private property – something dominant classes had struggled to achieve over the course of a century or more[34] – seemed, in combination with the revolutionary ferment unleashed by the war, to threaten an anti-capitalist revolt of the masses.

Wars in the eighteenth century had been fought with massive and expensive professional or mercenary armies recruited from all over Europe. The use of these armies had worked to increase the power of wealthy classes. But mass mobilization during the Napoleonic era had strengthened radical forces throughout Europe;[35] so much so that, after the wars, Europe emerged into what would be the start of a century of more-or-less continual struggle.[36] Consequently, there was a return to old-style armies of paid professionals, mercenaries, and 'gentlemen' (Silver & Slater 1999: 190).[37] Mass armies were not mobilized again, either for war or for industry, until 1914. Mass mobilization for industry (as for war) creates a compact and potentially dangerous force. Thus, to maintain control over labour, dominant classes limited the expansion of industry at home and expanded production largely for export. For centuries, landlords, confronted with the 'great fear' of mass peasant uprisings, had organized production in ways that reinforced the existing relations of power and authority. They did the same when seeking to profit from industrial production.[38]

It is generally assumed that, in the nineteenth century, capitalists in Britain and France and elsewhere in Europe were forced to seek for larger markets and more profitable fields of investment abroad because domestic markets were not yet developed enough to absorb the output of expanded production and to provide profitable investment opportunities for surplus capital. The notion that these countries had capital-saturated economies was current during the nineteenth century (and has since been embraced by a wide variety of theorists and historians).[39]

But capital exporters did not have capital-saturated domestic economies.[40] The two largest foreign investors, Britain and France, suffered from inadequate investment at home.[41] London's institutions were more highly organized to provide capital to foreign investors than to British industry.[42] Capital flowed between London and every corner of her Empire, but at home only 'a limited number of firms in a limited number of industries could get access to the London new-issues market' (railroads, shipping, steel, cotton after 1868, and banks and insurance companies). For the most part, 'the flow of savings was aimed abroad and not to domestic industries' (Kindleberger 1964: 62). The French, on the whole, also did not invest domestically in large-scale industrial enterprises. French industrial banks were mainly interested in underwriting foreign bonds rather than in lending to domestic industry (Baldy 1922, Collas 1908). The merchant banks also concentrated mainly on the sale of foreign securities, rather than on securities for domestic industry (Bigo 1947: 124).

This was not due to the 'saturation' of their domestic economies. The notion of 'saturation' only makes sense if domestic markets are assumed to consist solely of owners of capital, and if the mass of the population is assumed to be irrelevant to demand for any goods other than those necessary for their own physical reproduction. As John Hobson argued, home markets were 'capable of indefinite expansion' given 'a constantly rising standard of national comfort'; and that whatever was produced in England could be consumed in

England, had there been 'a proper distribution of 'the "income" or power to demand commodities' (Hobson 1902: 88). The 'rate of national consumption would probably have given full, constant, remunerative employment to a far larger quantity of private and public capital' than had been employed. Instead, he noted, more than a quarter of the population of British towns was living at a standard 'below bare physical efficiency' (Hobson 1902: 86).[43]

Funds used for British foreign investment could have found productive uses at home and could have 'helped to augment the stock of domestic housing and other urban social overhead projects that would have expanded the domestic market for the expanded output of the British economy' (Barratt Brown 1970: x).[44] If foreign lending had been on a smaller scale and investors had exploited opportunities at home, the technical performance of British industry would have been improved (Lewis 1972: 27–58; 1978a: 176–177; see, also, Trebilcock 1981). France, the second largest investor, was technologically backward, and clearly in need of much larger home investment.[45] French deposit banks, while furnishing capital to German producers through loans to financial intermediaries, were reluctant to provide capital for French industry. By 1914, France's total industrial potential was only about 40 per cent of Germany's (P. Kennedy 1987: 222).

Not only was investment needed at home but, Patrick O'Brien argues, there is no evidence that 'average' rates of profit 'which European capitalists derived from investment and trade with Africa, Asia, and tropical America' rose persistently 'above the rates of return which they could have earned on feasible investments at home' (O'Brien 1982: 8). According to Lance Davis and Robert Huttenback (1988), after 1880 the rates of profits on Britain's colonial investments fell *below* comparable returns from Britain itself. In addition, 'conducting business in a colony or other countries with different cultures, languages and market structures undoubtedly increased the level of risk' (Brayshay, Cleary, & Selwood 2007: 146).

Many theorists contend that, irrespective of the rate of profit it earned, colonization was crucial to the industrialization of Europe, as a means both of acquiring raw materials and of accumulating capital (see, e.g. Wallerstein 1974: 38, 51, 93–95, 237, 269, 349). But Paul Bairoch has argued that not only did 'core' countries have an

abundance of the minerals of the Industrial Revolution (iron ore and coal), they were almost totally self-sufficient in raw materials and, in fact, exported energy to the Third World (Bairoch 1993: 172).[46] Bairoch argues that colonialism may actually have hampered national economic growth and development in 'core' countries. Colonial countries like Britain, France, the Netherlands, Portugal, and Spain were characterized by a slower rate of economic growth and industrialization during the nineteenth century than Belgium, Germany, Sweden, Switzerland and the United States (Bairoch 1993: 77).

The Social Logic of Industrial Capitalist Expansion

The inherent drive or necessity generating expansion was the need both to maintain the basic relation of capital and to resolve the tension between commercial expansion and the maintenance of rural hierarchies. Neoclassic economics treats markets as arenas in which economically rational actors trade without regard to social identity, political loyalties, or affiliations (Carruthers 1996: 162).[47] But, as Braudel noted, capitalism does 'not take up all the possibilities for investment and progress' that economic life offers (Braudel 1982: 422). The preferences of market participants concerning what to produce and for whom are shaped by social relations and by concerns relating to class, power, and status.[48]

Industrial capitalism requires foreign markets in order to maintain the basic relation of capital (the subordination of labour to capital). To maintain the basic relations of capital – to maintain a largely unskilled, uneducated, impoverished, and disenfranchised workforce that could be easily subordinated to capital – required that industrial production be geared to producing commodities for consumption *abroad*; for to industrially produce goods for home use would require that workers be paid sufficient wages to enable them to consume what they produced, and this would lead to social levelling. Thus, in the nineteenth century, there was a change in the composition of output in favour of capital goods and services for upper-class consumption (Deane 1979: 270). European producers created consumers by encouraging rapid capital accumulation and concentration in other countries. They introduced new export crops – coffee, tea, cocoa, sugar, rubber – or devised land-settlement schemes that stimulated production of traditional crops, such as rice, for export; and constructed physical infrastructure (roads, railroads, port facilities). Dominant classes everywhere pursued an externally oriented industrial expansion that limited the geographic and sectoral spread of development and the growth of organized labour.

Britain used capital exports to develop purchasing power and demand among foreign governments and elites for ships, guns and ammunition, railways, canals, and other public works and services. These enabled the development and transport of food and raw materials exports to Britain, thus creating additional foreign purchasing power and demand, while decreasing the price of food, and thereby the value of labour, at home,[49] and obviating the need for agricultural reform (thus, alleviating the tension, supposedly resolved by an earlier 'agricultural revolution', between traditional rural structures and commercial expansion).[50] Elites sought to keep labour poor and in excess of demand (in 'reserve'). They worked to destroy the market position of the skilled labourers of previous centuries who were more independent and valuable, and could therefore command higher wages and regulate their own time; and kept peasants and rural workers poor and weak. They created cartels, syndicates, tariffs, and corporatist arrangements of a discriminatory and 'asymmetrical' nature that enabled them to monopolize domestic industry and international trade. Thus on the eve of World War I, industrialization in Britain (the first 'industrial nation') was still sectorally and geographically limited;[51] carried out by atomized, low-wage, and low-skilled labour forces; based on production for export to governments, elites, and ruling groups in other states and territories; and characterized by restricted and weakly integrated domestic markets. Mechanization, skilled labour, and rising productivity and real wages were found only in sectors producing for export; and these sectors had only a limited impact on the rest of the economy. Little attempt was made to expand or mechanize industries producing goods for domestic household consumption.

Throughout the nineteenth century, Britain expanded its shipbuilding, boiler making, and gun and ammunition industries to penetrate and defend markets overseas; and built foreign railways, canals, and other public works, including banks, telegraphs, and other public services owned by or dependent upon governments. It exported rails and rolling stock for railroad building abroad, and financed its construction with loan capital. Railroads brought cheap grain and meat to the ports (also constructed with British capital), and British steamships, protected by British naval ships and armaments, brought it to Britain. The financial centre of this system was the City of London, which, like the advanced sector of a 'dependent' third-world economy, worked to build strong linkages between these British export industries and foreign economies, rather than to integrate various parts of the domestic economy (more on this below). At the same time, elites around the world, whether in colonies, former colonies, or states that had never been colonies, imported British capital and goods, developed mines and raw materials exports, and built railways and ports, in order to extend, consolidate, and maintain their power and become wealthy. While increasing blocs of territory throughout the world were covered with networks of British built and financed railroads and provisioned by British steamships and defended by British warships,[52] by the beginning of the twentieth century Britain itself was, as one scholar described it, 'the equivalent of an underdeveloped country in such a critical condition that [today] the relief agencies of the world would be mounting huge campaigns to work there' (Warner 1979: 17). One observer described England on the eve of World War I as consisting of 'small islands of luxury and ostentation surrounded by a sea of mass poverty and misery' (Joad 1951).

According to the conventional view, the separation of the direct producer from the means of production creates a home market by transforming the great mass of the rural population into freely mobile wage earners, who then migrate to the towns and factories where their labour is increasingly needed. Urban populations depend on the market to procure their needs. A rise in urbanization, therefore, leads to an expansion of the market for mass-produced goods for local consumption: food, buildings, clothing, shoes, furniture, tools, and utensils of all sorts. But domestic markets can only expand to absorb more of the output of production if the standard of consumption of the masses is being raised. However, elites were reluctant to provide the mass of the population with a standard of consumption high enough to absorb the output of expanded production through higher wages and through inward investment and development. They feared that this would lead to social levelling and undermine the social hierarchies that reproduce the elite as an elite. Consequently, labour was 'too poor to provide an intensive market for anything but the absolute essentials of subsistence: food, housing and a few elementary pieces of clothing and household goods' (Hobsbawm 1968: 135; see, also, Benson 1989: 41).

Europeans, facing poverty and economic fear, left *en masse*. More than 50 million people emigrated to Canada, the United States, Latin America, South Africa, Australia, and New Zealand. The British Isles, where people were affected first and worst by the new industrial system, were the main source of migrants until the last decades of the nineteenth century.

III. Core and Periphery Redefined

The division of the world between a 'core' of states (that developed originally in northwestern Europe: England, France, and Holland), and a 'periphery' (most of the rest of the world) has become a commonplace. A key aspect of this division is thought to have been the development of different class structures in Europe (the core) and non-European (peripheral) areas of the world. The general assumption is that, in Europe a strong, independent capitalist bourgeoisie emerged in the nineteenth century and played an important role in the development of industrial capitalism; while in other regions of the world, imperialism prevented the indigenous bourgeoisie from acquiring either political or economic hegemony. If it developed there at all, it was either too weak to challenge the power of traditional elites (e.g., Chase-Dunn 1975) or was itself a vital part of the system of domination that perpetuates dependency relations.[53] Despite the centrality of this distinction in core/periphery perspectives, it is one that depends on a very selective and ideological reading of modern European history.

The 'Class Succession' Thesis and the Capitalist Bourgeoisie

Many scholars assume that the social structures which characterized the European societies of the core during the course of their

industrial development were strikingly dissimilar from those found in other areas of the world in the nineteenth century. Most assume that a strong, independent capitalist bourgeoisie emerged in western Europe as a result of 'bourgeois revolutions'. Either (1) the struggle between the capitalist bourgeoisie and the old aristocracy resulted in the victory of the capitalist class in the course of the nineteenth and early twentieth centuries (e.g. Chirot 1977), (2) a process of 'bourgeoisification' destroyed the old landed class by fusing it with or subordinating it to the new capitalist classes,[54] or (3) the European feudal landowning class became a capitalist landed aristocracy in the sixteenth century so that, by the nineteenth century, there was no feudal aristocracy because its class nature had become thoroughly transformed (e.g. Wallerstein 1974, 1991).[55] In all cases, the result was a 'bourgeois revolution' that marked the emergence of a new capitalist bourgeoisie, either through defeating, subordinating, or assimilating the old landed elite, or through the transformation of the old elite into a new class.

It is generally recognized that many states in Europe did not experience a 'bourgeois revolution' and, consequently, travelled a 'road' to industrial capitalist development that was different than the one travelled by Britain and other northwestern European societies. This second road also led to the achievement of industrial capitalism, but it was slower and took longer because the absence of a bourgeois revolution meant that a well-entrenched aristocracy remained separate from the industrial bourgeoisie and was able to resist and block industrialization.[56] What determined which of these roads characterized a society's industrial development was the nature of the relationship between the aristocracy and the Absolutist state. The first road emerged as a result of an Aristocratic–Absolutist conflict, the second as a result of an Aristocratic–Absolutist fusion. But the distinction defining these two roads – Aristocratic–Absolutist conflict versus Aristocratic–Absolutist fusion – is based on a misunderstanding of the conflict between aristocracies and Absolutist states.

As was argued in the previous section, opponents of Absolutism had limited aims: they sought, not to revolutionize production or transform societies, but to deregulate capital. Their success did not produce bourgeois revolutions and bring new classes to power: it ensured that the expansion of industrial production would reproduce existing hierarchies. Their chief concern was with state regulation of economic resources and activities.

Marxist historians once assumed that France's Aristocratic–Absolutist conflict ended in the Revolution of 1789 with the victory of a rising industrial and commercial class whose values and policies were opposed to those of a decayed 'feudal' order. However, the old feudal classes in France were not eliminated in the Revolution; and, in the 'restoration' that followed, these classes returned to their titles and much of their land, and consolidated their position as a 'governing class'.[57] The features of France that, in 1815, resembled a 'bourgeois' state, were the work, not of the Revolution, but of the *ancien regime*.[58] Marxist historians also assumed that England's revolution in 1688 established the political supremacy of the bourgeoisie (Anderson 1979: 18–19). Though views on this have changed, it is still assumed that Britain's subsequent industrial development was 'promoted and led by an independent capitalist middle class (Chirot 1977: 223).[59] However, industrial expansion in Britain, as in other European countries, was dominated by its traditional landowning elite. The old forms of medieval England 'were not shattered or swept away, but filled with new content' (Luxemburg 1976: 232); 'new wealth did not challenge old, but simply bought a landed estate. . . . At the same time, the younger sons of landowners were joining the sons of urban tradesmen and master manufacturers among the merchants and professional men, thus strengthening the social bonds between landed and other forms of economic and social power' (Morris 1979: 15).

While the European feudal landowning class may have become a capitalist landed aristocracy, there is no evidence that its class nature became thoroughly transformed, as Wallerstein maintains (1997: 105–106). They may have embraced a market philosophy, but they remained the heirs of a feudal tradition and were 'heavily influenced by pre-capitalist notions of order, authority, and status'.[60] They 'absorbed the brains from the other strata that drifted into politics' and 'continued to man the political engine, to manage the state, to govern' (Schumpeter 1976: 136–37). They held on to their power and wealth, either by directly controlling the government (as in Germany and Austria), or under either a

new bourgeois governing elite (as in Spain) or an elite composed of traditional notables and newly assimilated wealthy bourgeois elements (as in many other parts of Europe). Either way, political leadership, both at the national and local levels remained in the hands of large landowners or traditional bureaucratic elites. In Britain, rising industrial and commercial interests did not dominate cabinets, governmental bureaucracies, legislatures, or local government until after World War II. The overrepresentation of the nobility in both national and provincial assemblies[61] allowed them to remain a major political force. Until 1914, non-industrial Britain could easily outvote industrial Britain (Hobsbawm 1968: 196). Despite all that had been written about industrialists replacing landowners as the dominant element in the ruling elite, as late as 1914 industrialists 'were not sufficiently organized to formulate broad policies or exert more than occasional influence over the direction of national affairs' (Boyce 1987: 8).

The continued importance of the aristocracy can be seen also in positive outcomes in struggles that had class-differentiated interests. State policies were generally consistent with the immediate interests of the landlords. In Britain, agrarian reform was not a serious item on the historical agenda until the world wars. Because of tariffs and agricultural subsidies from the government, as well as tax and pricing policies, agricultural production was not subordinated to the market until after World War II. State protection of the agricultural sector allowed agrarian producers to maintain the social *status quo* in rural areas. Landlords experienced no significant political setbacks nor suffered any erosion of their hold on agrarian labour until the world wars.[62] Labour legislation effectively prohibited the organization of agrarian labour until World War I; even after the war, organizers had limited access to the peasantry and rural labour.[63] Wages of agricultural workers were kept depressed until World War I. In 1912, more than 60 per cent of the adult agricultural labourers of England received less than the amount necessary for the maintenance of a labourer and his family. The average wages on the land were lower, the hours longer, and the housing and other conditions of living worse, than in any other large industry. Labourers could not combine. If they attempted to do so, they could be turned out of their homes.[64] A statutory minimum wage was not achieved for rural workers until 1917 (Read 1964: 217–219).

The great landowners' monopoly of most arable and irrigated land and their control of the rural population – of its vote as well as its labour power – guaranteed them a continuing base of political and economic power. Throughout the nineteenth century, the larger landowners continued to enlarge and consolidate their holdings. In 1897, 175,000 people owned ten-elevenths of the land in England, and forty million people the remaining one-eleventh (Romein 1978: 195). The landless rural population subsisted on low wages, the rest on small plots of land without access to loan capital for the purchase of tractors, metal ploughs, or chemical fertilizer. Despite their having been available for some 30 years or more, the majority of farms in England and Wales did not possess either a tractor or a milking machine until World War II. As late as 1935, 18 per cent of all agricultural holdings comprised less than five acres, and a further 45 per cent less than 50 acres (Benson 1989: 19).[65] On the eve of World War I, more than 60 per cent of the adult agricultural labourers of Britain received less than the amount necessary for the maintenance of a labourer and his family on workhouse fare.[66]

Dependent and Independent Development

The different social structures that are assumed to have characterized the core and the periphery are thought to have been responsible for shaping their development in significantly different ways. In the core, the local independent capitalist bourgeoisie was able to obtain control over international commerce and accumulate capital surpluses from this trade. States in the periphery, which lacked independent, indigenous bourgeoisies, exported raw materials to the core, and much of the capital surplus this generated was expropriated by the core through unequal trade relations. Instead of undergoing an independent process of capitalist development, regions in the periphery 'found themselves incorporated into the emerging Europe-centred capitalist system as colonies, dependencies, or clients of one sort or another' (Sweezy 1982: 211). The term 'dependent development' is meant to describe the characteristics of peripheral development. Chief among these are dualism and monopoly, a

lack of internal structural integration, and dependency on outside capital, labour, and markets. What this produced was, not the viable, diversified modern economic system that developed in the countries of the 'core', but rather a few islands of economic modernity separated from the rest of the local economy and tied to Europe' (Borthwick 1980: 52).

But all of the elements associated with dependent development were also characteristic of development in Europe before 1945. These elements were not just present in some European regions at some points in time: they were found everywhere in Europe and throughout the nineteenth century, and were characteristic of and integral to long-term processes of growth.[67]

In *The European Experience* (1985), Dieter Senghaas pointed out that typical enclave economies had formed in parts of Europe in the nineteenth century (e.g., in southern, southeastern, and eastern Europe, and in Ireland). In Denmark, Norway, Sweden, Finland, Ireland, Portugal, Spain, and Romania development was characterized by the export-oriented production of foodstuffs and agricultural and mineral raw materials. Up until the end of World War II, the southeastern regions of the Austro-Hungarian Empire remained 'a piece of the Third World in Europe' (Senghaas 1985: 50). In all these countries the growth dynamics were '*exogenously determined* and *dependent*' (Senghaas 1985: 87; emphasis in the original). This 'peripheralization' was characteristic of economies in Europe that were 'not typical colonies under foreign control' and was the result of decisions taken '*within the respective societies themselves*' (Senghaas 1985: 155).

But Senghaas argues that other European countries (Britain, Belgium, France, Germany, Austria–Hungary) experienced what he calls an 'autocentric' development, one in which the 'development impetus stems from within' and there is a 'marked bias towards the domestic market' (Senghaas 1985: 29). So, for instance, in Britain, 'the cheapening of foodstuffs owing to the import of inexpensive grain and processed food (cheese, butter, etc.) made possible a rising standard of living for the urban–industrial population and with it a widening of the market for manufactures' (Senghaas 1985: 42). In other countries (Belgium, France, Germany, and Austria–Hungary) it was railroad building that made possible their pursuit of an autocentric development focused principally on the domestic economy.[68]

This seems logical; but, historically, it is not what occurred. Neither in Britain nor anywhere else in Europe was development fuelled for very long by the expansion of the domestic market. In Britain, the import of inexpensive foodstuffs made it possible to keep wages low, increase profits, and invest those profits in export industries and overseas markets. Moreover, treating railroad building and infrastructural development as evidence of autocentric development is problematic. In most cases, railroads were designed to promote exports, and to provide a sop for investment capital, and a means of transporting troops quickly to hinterlands in order to quell trou- ble or to assert territorial claims. Dismantling internal barriers to trade and other reforms associated with commercialization was not undertaken, as it is often assumed, with a view of developing a large domestic market, but to increase production for export.[69]

Until the twentieth century, the basic structures of society in Europe were more similar than dissimilar to those that existed elsewhere. Industrial expansion, in Europe as elsewhere, dramatically increased overseas sales but left traditional social and political structures largely intact. As everywhere, the expansion of production was undertaken, not by or for a new capitalist bourgeoisie, but by aristocracies and other elites and wealthy groups seeking to expand production while, at the same time, maintaining the class, land, and income structures on which their social power rested.

While no definition of dependent development is likely to meet with universal agreement, the features listed in Table 3.2 are ones that are the most frequently and universally cited as comprising dependent development.

Dependency and world-systems theories maintain that structural relations with the core placed constraints on colonial capitalism, preserving and freezing traditional relations of power and production (see Chapter 1). Paul Baran asserted that partly or wholly self-sufficient economies of some agricultural countries were reoriented toward the production of marketable commodities, but without replacing feudal relations with capitalist relations. These societies live in 'the twilight between capitalism and feudalism' (Baran 1970: 286).

Table 3.2 Dependent and Independent Development

Dependent development	*Core*	*Periphery*
History of colonialism	√	√
The condition of being a less-developed and not yet well-integrated nation state in an international environment dominated by more developed and homogeneous states[70]	√	√
Dualism (i.e., the lack of integration of various parts of the domestic economy due to strong linkages between portions of the economy and foreign economies)	√	√
Dependence on a narrow range of export goods and a few trading partners	√	√
Dependence on the foreign supply of important factors of production (technology, capital)	√	√
Specialization in the production of raw materials and primary crops (more generally, limited developmental choices that constrain a country's capacity for setting its own developmental course)	√	√
Inequality (both of income and of land-tenure structures) and a growing gap between elites and masses	√	√
Absence of an independent indigenous capitalist bourgeoisie and a dominant role for the state in development	√	√
Formal but inauthentic, partial, and unstable democracy	√	√

The legacy of this is evident in the problems of contemporary 'third world' development, which are seen as:

> the result of a more protracted transition caused by the fact that the processes of modernization and urban industrialization in the periphery are dependent for a long time on pre-capitalist modes of production in the country-side which have articulated with an externally imposed capitalist mode of production.
>
> (Berger 1994: 262–63)

If European imperial powers limited infrastructural and social investment in other regions to what was compatible with their strategic and commercial aims, this was as true at home as it was abroad – and not only in the backward 'Great Powers' of Europe, such as Austria–Hungary, and Italy; but also in Germany, France, and Britain. In 1914, Britain's industrialization was still sectorally and geographically limited in the way that dualistic colonial and post-colonial economies have been described. Industrialization had taken place in a few small districts of England – in south Lancashire, some sectors of the East Midlands and Yorkshire, Birmingham, and the Black Country (Crouzet 1970: 158, cited in Komlos 2000: 311). Landed and industrial property had become increasingly concentrated. Only in sectors producing for export was there mechanization, skilled labour, and rising productivity and real wages. These sectors did not have a profound impact on the rest of the economy. Revenues from these sectors were not invested in the expansion of production for the home market. There was little attempt to expand or mechanize industries producing goods for domestic household consumption. Instead, production expanded through the development of a circuit of capital that operated among a transnational aggregate of elites and governments. In fact, one could rewrite the history of Europe in the nineteenth and early twentieth centuries as one of successful political policies against industrialization, as an age of industrial counter-revolution (Vieregge 2003: 129–140, cited in Terlouw 2009). Elites everywhere pursued growth only within a specific distribution that preserved elite privileges. Britain's 'patrician hegemony' opposed any 'aggressive development of industrialism' and the social transformation necessary to it (Weiner 1981: 7, 10). Similarly, the main part of Germany's elite, which dominated rural settings and thus the vast majority of both territory and population, opposed industrialization.[71]

Nowhere in Europe during the nineteenth century was a strong, independent industrial capitalist bourgeoisie to be found. In most of Europe, the bourgeoisie was either a foreign class, or politically and economically weak, regionally confined, and dependent on the state or the landholding aristocracy. Development was financed not by the independent indigenous capitalist bourgeoisie of Liberal lore, but by the state, by banks, and by foreign investment.[72] Most European countries in the nineteenth and early twentieth centuries were characterized by a restricted and weakly integrated domestic market. Many, both in the East and in the West, were unable to diversify

Table 3.3 Britain's Nineteenth Century Industrial Expansion: Two Models Compared[73]
(**Boldface** indicates characteristics that predominated throughout the century)

The 'European Model'	**The Dependency Model[74]**
1. The Landowning Class	
a. Commercialized, Bourgeoisified	**b. Pre-Bourgeois**
• Willingness to sell land for money	• **Concentration of land ownership**
• Peasants transformed into a rural proletariat based on wage labour	• **Incomplete proletarianization of peasants; wages in kind; highly repressive labour conditions**
• Use of mechanized harvesting	• **Limited mechanization of agriculture**
• **Diversification of assets: speculation in non-landed assets (stocks and bonds)**	• Landowner assets remain in landed property
• Commercialized distribution of crops	• **High-cost single-crop staple agriculture; lack of flexibility in switching crops[75]**
• Commodification of agriculture: large-scale marketing of crops on a regional and global scale	• **Production for local consumption**
2. The Structure of Class and State Power	
• Strong, independent, industrial capitalist bourgeoisie	• **Alliance of capitalist bourgeoisie, state, and landholding aristocracy (and multinational corporations)**
• Separation of economic (class) power from political (state) power; creation of bourgeois state and bourgeois law	• **The fusion of economic power and political (state) power for extraction of surplus[76]**
3. The Mode of Production	
Capitalist	**Pre-Capitalist[76]**
• **Labour is** (1) 'free' of feudal obligations, (2) **dispossessed (separated from the means of production)**	• Labour is (1) **bound by feudal obligations;** (2) in possession of means of production
• Surplus is extracted from the dispossessed producer by economic 'coercion''	• **Surplus is extracted from the dispossessed producer by extra-economic compulsion**
• Generalized commodity production	• **Self-sufficient localized**

(production primarily for sale; labour power is itself a commodity)*	**economy supplemented by simple circulation of commodities**
• Extended reproduction of capital and rise of organic composition of capital*	• **Simple reproduction where surplus is largely consumed**
4. The Industrial Sphere	
• Liberal, competitive 'bourgeois' ethos	• **Aristocratic values**
• Industrial competition	• **Monopolization of industry**
• Development of a domestic market for the products of national industry	• **Limited, weakly integrated domestic economy; strong linkages between leading sectors and foreign economies (dualism)**
• Diversified industrial structure with numerous linkages, including economically strategic capital goods industries	• **Dependence on a narrow range of export goods and a few trading partners**
• Diversification of the export structure, trade partners, and sources of capital and technology	• **Dependence on foreign supply of important factors of production (technology, capital)**
• Diffusion and more egalitarian distribution of purchasing power and assets	• **Inequality of income and land structures; growing gap between elites and masses**
• **'National' control over the investment of capital and the accumulation process**	• Limited developmental choices

* Found only in industrial sectors producing for export.

their exports or trading partners until well into the twentieth century. Most adopted from abroad an already developed technology while retaining their 'traditional' social structure, and all were dependent on foreign capital to finance growth. Business and landed interests forged alliances similar in nature and purpose to those forged in the 'third world', and the consequences for class structures and national development were similar as well. Because of the success of these alliances in preserving and reinforcing pre-industrial civil society, on the eve of World War I Europe was still largely 'agrarian, nobilitarian, and monarchic' (Mayer 1981: 129).

Conclusions

The 'industrial revolution' did not revolutionize technology or transform the means of production. Nor did it bring about any fundamental transformation in the nature of social and political power in Europe (Cain & Hopkins 1993: 24, 37). It was neither produced nor driven by 'Bourgeois Revolutions'. In Britain, its 'net effect' was to systematically 'advantage the older and more conservative sectors' of the wealth structure – 'above all the great landowners and the bankers and merchants of the City of London, rather than the manufacturers and industrialists' (Rubinstein 1983: 17; cited in Cain & Hopkins 1993: 37).[77] Up until the period of the world wars, the traditional aristocracy in Europe retained its wealth and power and played the dominant role in industrial capitalist development. Like its agricultural sector, Britain's financial and industrial sectors were bound by monopoly and restriction. The City of London, in which greater fortunes were made than in the whole of industry, remained 'enmeshed in a pseudo-baronial network of gentlemanly non-competition' (Hobsbawm 1968: 169). In the industrial sphere, traditional corporatist structures – guilds, patronage and clientelist networks – survived in some places and grew stronger. Elsewhere, new corporatist structures were created. As the nineteenth century progressed, industry became increasingly penetrated by feudal forms of organization, and characterized by monopolism, protectionism, cartelization and corporatism; forming small islands within impoverished, backward agrarian economies.

European states did not develop differently from 'the rest' of the world. Thus, to the extent that there was a core, it was the core of a different system than that which is usually posited, a system whose core areas were located in an archipelago of cities, each with its own periphery. Dualistic, externally oriented expansion brought cities, urban commercial centres, and export sectors across the world into closer interdependence, creating dynamic focal points of growth that developed synchronically and interdependently through trans-local interaction and connection. As we shall see in the next chapter, the form of state that became consolidated in the 'core' and 'periphery' was the same, as well.

4 City States and Nationalism

Previous chapters have argued that capitalism was born global; that it was based on cities, and that it developed through the cross-border expansion of interconnected urban spaces that were essentially global in nature. But if capitalism developed through the expansion, not of national markets and economies, but of cities interconnected across borders, why do we treat the *nation state* as the spatial face of capital accumulation? And if capitalism did not develop national *markets* or *economies*, in what sense is it true to assume that the *states* that emerged concurrently with the development of capitalism were *national* states? The notion of *national* territoriality, as this chapter will argue, was promulgated as part of an apparatus of economic, political and social control. It emerged in the context of the expansion of production for export and of cross-border commercial networks, the monopolization of land and industry, and the development of new forms of exploitation. It was linked with the struggle of elites to gain greater control of resources within the increasingly differentiated realms – the burgeoning cities and deindustrializing hinterlands – which characterized the territories claimed by states. However, the territorial states that developed in Europe and that, throughout the nineteenth century, were developed and promoted by Europeans there and elsewhere, resembled far more closely the city-state polities of the past 5000 years than the nationally integrated state form of national cultural imaginaries and nation-state ideology.

City states have existed for millennia, and they flourished all along the Silk Road and throughout Asia (as well as in Africa and the Americas). With the westward extension of Asian trade into Europe,

city states were established in southern Europe to take advantage of opportunities to extend the Silk Road trade inland to the north and further west. Over time there developed a system of Italian city states with sufficient power to dominate trade throughout the Mediterranean and, eventually, with the emergence of city states to its north and west, this system expanded into a European system. The states that emerged on the Baltic Sea and Atlantic littorals were based on trade and manufacturing (in contrast to the largely rural Swiss city states); and they were principally concerned to secure trade routes and control the growth of rural industry in order to profit from trade linking the Baltic Sea to the Mediterranean along the Atlantic coast. In the fifteenth century, maritime states along the Atlantic litto- ral loaded heavy cannon onto the ocean-going ships that had been developed to carry this trade and set out to muscle their way into the Asian commercial world. Having succeeded in this, and in securing vast new opportunities for the pursuit of profit through overseas trade, these states then sought to extend their control over larger territories so as to secure the resources and labour needed for a massive expansion of production for export. But while this produced states with larger territories, these states operated, like city states, to expand and protect external trade; and, as city states typically do, they pursued this through overseas imperial expansion. Cities remained dominant within these larger territorial domains and, with the growth of industrial production, became increasingly powerful both in absolute terms and relative to rural areas. Moreover, the socio-economic, political, and cultural interrelationships that bound cities, in Europe and across the world, to each other remained denser than those that bound together national territories

I. The Nation State and the City State: A Comparison

In most discussions, the nation state is generally defined as a 'territorial' state that is in a number of ways fundamentally different from the forms of state that existed in Europe and elsewhere before the eighteenth century (e.g., the feudal state, the multi-national imperial state, the city state, and other smaller states such as princedoms, dukedoms, and emirates).

The nation state is thought to have originated in the modern city states that developed from the medieval towns of Europe. City states are autonomous, self-governing states that are led by a city and, historically, have had centralized political authority and legal systems. They vary in size, from possession of a few square miles of hinterland to huge land and sea empires, such as Rome and Venice. There are four features of the modern nation state that are thought to distinguish it from a city state and, indeed, all other forms of states that preceded its emergence.

The first feature is that the nation state is a territorial state with well-defined borders. But the city state is also a territorial state that operates within well-defined borders. Its opposite is not the territorial state but the *non-territorial* state as, for instance, the nomadic state or the feudal state (a patchwork of, often disconnected, small pieces of land). The idea of a 'territorial state' emerged with the establishment of the Westphalian state, and it was meant to describe a contrast with the feudal state. The term did not then, nor did it ever, signify a contrast with the city state (Hansen 2000a: 16; see, also, Finer 1997: Vol. I, 6–7). Like other territorial states, city states 'had a dominant area surrounded by a domain of influence, produced successful economies, employed similar means of domination and surveillance (the fleet and the army, and violence), succeeded as colonial powers ('Venice was just as much a colonial power in the Levant as Holland was in the East Indies'), and established central banks that functioned as lenders of last resort and as 'instruments of power and international domination' (Braudel 1984: 295).

According to conventional accounts of the rise of the modern nation state, the military conquest of cities by rural-based rulers consolidated urban and rural areas into modern centralized states. This is the basis for what is thought to be a second feature that distinguishes the nation state from city states: its subordination of cities and all sectors and subdivisions of its territorial domain to centralized territorial rule. The expansion of trade generated incentives to establish more durable connections between urban centres and their hinterlands, to more securely weld cities to hinterlands and to larger, more militarily powerful territorial domains; to create 'an expanded capacity to monitor, contain, seize, and redistribute resources' within them (Tilly 1994: 26); and to create, as well, financial

systems to facilitate this. But, while cities became more closely integrated with their hinterlands, and in some cases were absorbed into neighbouring land empires, they tended to remain dominant. Urban elites and territorial nobles allied to extract rural surplus.[1] By means of capital, urban ruling classes 'extend[ed] their influence through the urban hinterland and across far-flung trading networks' (Tilly 1992: 51), and, as they did so, cities became increasingly powerful both in absolute terms and relative to rural areas.

Land empires were attracted to cities as sources of capital for building armies and for state formation. But the pull of attraction worked the other way as well: cities seeking to better exploit hinterlands were attracted to the administrative and policing capacities of territorial rulers and the security and physical barriers that larger territorial states provide. The attraction, then, was mutual: production and trading require the protection and order that states provide, and states must depend on the wealth generated from production and trading in order to be able to provide protection.

The merging of land power and cities ensured (1) a flow of resources and labour to the cities, and (2) the financing for mass armies needed to protect these larger territorial units. But cities remained or became the dominant element in these units and were their engine of growth. Land empires generally were able to absorb cities only in agrarian regions where they tended to be more susceptible to the predations of neighbours; but major trading cities and city states only fell under the control of external jurisdictions when they lost their positions in international markets.[2]

A third feature thought to be distinctive of modern national states is that they are based on an integrated 'national market'.[3] However, like city states, 'national' territorial states historically have operated mainly to expand and protect external trade. The merging of cities with larger territories was undertaken, not to develop local or 'nationally integrated' markets, but to expand external trade.

The term 'national market' is often used to refer to the integration of standardized production processes and transport and communication systems throughout the territory of a state. The move from short-range, quasi-autonomous regional markets to nationally coordinated ones, and the dismantling of internal barriers to trade and other reforms associated with commercialization were undertaken, not to develop a large domestic market, but to increase production for external markets and to promote and protect foreign and long-distance trade. The unified administration of cities and enlarged territorial domains did not produce an integrated market to serve the needs of the local population; nor was it designed to distribute goods and services for some larger, 'national' public. Transport and communications technologies were not formed for purposes of expanding and integrating the domestic market: their chief function was to provide the technological underpinning of international trade. Railroads and telegraphs linked ports to their hinterlands, and the railway networks were linked by steam ships into an international transport system (Latham 1978: 6).

In Europe, as elsewhere, the building of transport and communication systems facilitated a unified system for the more efficient exploitation of resources for purposes of export. In Britain, better roads and canals and the growth of coastal shipping were used to provision a London population that was steadily increasing with the expansion of foreign trade. London's rapid rise was due to its domination of the export trade (by the mid-sixteenth century, London controlled 90 per cent of the chief export product – cloth). 'By 1700, up to one-half of London's population was employed in jobs relating to shipping and the port' (Lie 1993: 292). In France, Brittany existed as a domestic colony of Paris, with railroads deliberately designed to facilitate the movement of cheap Breton labour into metropolitan France (Loughlin 1985). In Spain, railways were built to facilitate export of mining products. The system radiated from Madrid, with terminal points at the seaports, and had little, if any, impact on the development of other sectors of the economy (Carr 1966; Nadal 1973: 552–553).[4]

Elsewhere, railroads were constructed to open up hinterlands for the export of wheat, tea, rice, cocoa, rubber, diamonds, gold, tin, and copper; or, as in India, to enable easier penetration of the Indian market by English goods (as well as for the large-scale production and export of foodstuffs and raw materials).[5]

While railroads served to promote exports, they also were built with two other purposes in mind. The first was to secure control by central governments over territories, to enable troops to be moved quickly to quell trouble or to assert territorial claims (Latham

1978: 17).[6] The second purpose was as a sop for investment capital. Between 1865 and 1914 almost 70 per cent of British new portfolio investment went into railways, docks, tramways, telegraphs, and telephones, as well as gas and electric works. Most of this went into the enormously capital-absorbing railways (as did the bulk of French and Belgian foreign investment). Railways absorbed 41 per cent of Britain's total international investment.[7] Only the production of modern armaments is more capital absorbing than railroads (the mass production of armaments in the United States, and their export to Europe's great and small powers, began in the 1860s) (Dobb 1963: 296).[8]

If nation states did not develop integrated home markets, they might still differ from city states in their possession of a primary sector. City states are thought to depend on imports of foodstuffs and raw materials, rather than control of their own 'primary' sectors and the accompanying political and social problems that the organization of their production might entail (Braudel 1984: 295). But city states also tended to depend on their own rural hinterlands for food and raw materials. In the Greek *polis* (the term *polis* referred both to the state and its territory) there was a division of labour between the city, the centre of commerce and industry, and the surrounding countryside, which produced agricultural goods and raw materials. Italian cities 'secured supplies of food, water, and raw materials from substantial hinterlands, measuring thousands of square kilometres', over which they exercised 'unchallenged and undivided control' (Parker 2004: 33–34).[9] In sum, in common with 'nation' states, city states also had their own primary sectors.

There is a fourth feature thought to distinguish the modern national state from the city states: a nation state is assumed to be a state in which the political and national unit are congruent (Gellner 1983). In city states, the political identity of the population which (along with its patriotism) is primarily centred on the state, is different from its ethnic identity (language, culture, religion, history, etc.), which it often shares with a number of other states (Hansen 2000a: 13). But this is true, too, of nation states. Walker Connor has calculated that in all but 13 of today's states (Austria, Denmark, Germany, Iceland, Ireland, Japan, North and South Korea, Lesotho, Luxembourg, the Netherlands, Norway, and Portugal), ethnic and political identity are *not* congruent; and in six of these 13 exceptions the dominant ethnic group extends beyond the state's borders, as is often the case in city states. If we discard these six states (Austria, Germany, Ireland, North and South Korea, and Lesotho), the total number of people living in a state closely corresponding to the distribution of their ethnic group is less than four per cent – and, if we exclude the Japanese, less than one per cent (Connor 1973: 1).

In fact, the multiculturalism of 'nation states' is the result of their having been formed through a process of expansion that, as Section III will show, is essentially identical to imperialism.

The foregoing discussion is summarized in Table 4.1.

City States

City states have existed in the Americas, throughout Afro-Eurasia, and more-or-less continuously around the Mediterranean for at least 3000 years.[10] Phoenician city states (Byblos, Tyre, Sidon, and Arados) were found throughout the Eastern Mediterranean littoral around 1200 BCE, and over the next 1000 years, they expanded and intensified maritime trade and established a territorial division of labour there. The city-state form was well entrenched in the Mediterranean when it was adopted by the Greeks.

Table 4.1 A Comparison of Two Forms of Territorial State
(**Boldface** indicates the dominant characteristics of nineteenth-century European states)

The City State	The Nation State
1. **A territorial state with well-defined borders**	1. A territorial state with well-defined borders
2. **A central city dominates its hinterlands and other cities**	2. Cities are subordinated to territorial rule
3. **Operates to expand and protect external trade, rather than the development of a home market***	3. Based on an integrated 'national market'
4. **Ethnic and political identity are different**	4. Ethnic and political identity coincide

* There are exceptions: e.g., the largely rural Swiss city states.

The rise of Rome produced the biggest city state in history. The city absorbed surrounding territories in order to secure itself from external threats, creating 'a large territorial state that gradually eliminated the independence of the other peoples who lived within it' (Parker 2004). The whole process of expansion and consolidation of this vast domain 'was generated by the growth and bound up with the fortunes, of one huge city' (Parker 2004: 63). Its empire, 'even with such giant cities as Alexandria and Antioch, was merely one big hinterland of the capital city, Rome' (Schneider 1963: 133). Rome's oligarchs initially saw land as power, but with the realization 'that trade was a more effective producer of wealth than was agriculture', they set out to conquer the Mediterranean commercial world through the militarization of trade (Parker 2004: 67–68).

Soon after the fall of the Roman Empire in the West (in the fifth century CE), the city state form reappeared in Europe. This first occurred around the shores of the Adriatic, which offered a prime location for trading the products of the Silk Road in the north and west. It was on the swamps, islands, and sandbanks at the head of the Adriatic Sea that Venice was built and, over the course of several centuries, subsequently grew to become 'the largest and most prosperous city in Europe after Byzantium' (Parker 2004: 80). By the fifteenth century, Venice had become part of a wealthy and powerful Italian city-state system whose most important members (Venice, Genoa, Florence, Siena, and Lucca) viewed themselves as the heirs of the city states of ancient Rome and Greece.

During those centuries, older city states flourished and new ones emerged in Asia, Africa, and the Americas. The older city states were those that had developed along the Silk Road in Central Asia (Tashkent, Samarkand, Bukhara, and Ferghana) and in the Tarim Basin (Kucha, Khotan, and Turfan); Chinese city states were established along the northern and southern route of the Silk Road (Shanshan, Yutian, Qiuci, Cheshi, Shule, and Yanqi), and Pyu city states existed in present-day Myanmar from the second century BCE to the mid-eleventh century CE. Newer city states included those established by the Mon people along the Mekong River in the seventh century; Cham city states established by Malay speakers who settled on mainland Asia existed along the seacoast; Sriwijaia, a powerful Malay city state existed on the islands of Sumatra and Java between the seventh and eleventh centuries; Islamic city states (Melaka, Aceh, and Brunei, among others) were established in Malay/Sumatra between 1450 and 1625,[11] and Thai city states (Ayutthaya, Sukhothai, Lanna, and Thon Buri) flourished at various times after the ninth century.

From approximately 1000 CE, a number of city states stretched along the eastern coast of Africa from Mogadishu in the north to Sofala (in modern Mozambique) in the south (Mombasa, Gedi, Pate, Lamu, Malindi, Zanzibar, and Kilwa). City states in East Africa, in southern Somalia, Kenya, and Tanzania, and in northern Mozambique still existed in the nineteenth century. The Hausa city states, founded in the fifteenth century, lasted until 1804. The city states of the Fante people (Ghana) lasted from the fourteenth to the nineteenth century. Four city states existed in the western delta of the Niger between 1600 and 1800. The Yoruba city states in West Africa (Oyo, Ife, Illorin, and Ibaban) lasted from 1600 until 1900. Twelve to fourteen Kotoko city states that were founded in the fourteenth century also lasted until the twentieth century. In the Americas, the major Mayan cities, Palenque, Tikal, Uxmal, and Chichen Itza, flourished between 250 and 900 CE, and Mayan city states existed in the Yucatan peninsula at the time of the Spanish conquest, as did the three major city states – Tenochtitian, Taxco, and Tiatelolco – that had allied to form the Aztec empire.

In Europe, city states existed to the east and west of Venice: Kievan Rus, founded in 880, was made up of an alliance of small city states in what is today western Russia (Riga, Reval, Dorpat, Pskov, and Novgorod). Muscovy eventually became pre-eminent among these, in part because its princes became allies of and collaborators with the Mongols. The Muscovite state imported Italian artisans, builders, and architects; and German, English, and Dutch engineers and merchants; and, by the end of the sixteenth century, it had conquered western Siberia and captured control of the merchants of the North Asian forests that supplied the fur trade. Norwegian Vikings established city states in Ireland – notably Dublin – in the tenth century CE. City states emerged in Spain, the most important of which were Badajoz, Granada, Zaragoza, Seville, and Toledo, with the breakup of the Ummayad Caliphate in the eleventh century.

During the fifteenth century, the Italian city-state system expanded into a European system of city states that ran through the centre of

Europe 'from northern Italy through the Germany of Danube and Rhine to the crossroads of trade in the Netherlands' (Braudel 1984: 288).

Beginning in the thirteenth century, some 65 cities in what is now called Germany became established as self-governing states. The most important of these were Augsburg, Nuremberg, Magdeburg, Cologne, Frankfurt am Main, Hamburg, Lübeck, Bremen, Gdańsk (Danzig), and Strasbourg. Hamburg was a centre for shipping, publishing, textile production, and banking. Lübeck became the most important harbour of the Baltic Sea, 'the most travelled stretch of water, second only to the Mediterranean' (Schneider 1963: 187).

A cluster of city states also emerged in an area of swamps in the north, in Brugge (Bruges), which, like Venice, was established near the mouth of a great river on a coast of sandbars and marshes. It became closely linked with the Baltic trade and, in 1277, established the first important maritime connection between northern Europe (Brugge) and the Mediterranean (Genoa) (Parker 2004: 163–164).

As Parker describes it, Amsterdam, located in the province of Holland, was, from the outset, 'essentially a city-state, of which the province was the rural part' (Parker 2004: 177); and the Netherlands, as a whole, was in effect a grouping of city states, that 'in the guise of a territorial (nation) state persisted into the 20th century' (Parker 2004: 182).[12] Flanders remained 'a land of city states unified into a sort of federation' (Parker 2004: 169–170).

It is generally assumed that these city states were eradicated at the end of the French Revolutionary wars. In 1797, Venice was conquered by Napoleon Bonaparte, but Lucca remained an independent city state until it voted to join the Kingdom of Italy in 1860; and, until the nineteenth century, Italy consisted of a 'system of small territorial states each dominated by the oligarchy of a single city' (Tilly 1994: 18). Although the Final Act of the Congress of Vienna abolished the German city states in 1815, within the German republic which it created, some cities officially became sovereign city states, including the Free Hanseatic City of Bremen (1806–1811 and again 1813–1871), the Free City of Frankfort Am Main (1815–1866), the Free Hanseatic City of Hamburg (1806–1811 and again 1814–1871), and the Free Hanseatic City of Lübeck (1806–1811 and again 1813–1871). Danzig, which had been absorbed by Prussia in the seventeenth century, became an independent, 'free', city by the League of Nations in 1918.

II. The Aristocratic/Urban Alliance

According to both Liberal and Marxist historiography, nation states were created in Europe by and for a rising new capitalist bourgeoisie. For Liberals, the nation state represented the coming to prominence of a new, more rational and liberal bourgeoisie. It was an expression of the principles of popular sovereignty, national self-determination, and democracy, and provided the political framework for the establishment of liberal institutions and the gradual extension of liberalism. Marxist accounts of the rise of nation states emphasize the victory of the rising capitalist bourgeoisie in its struggle with the 'feudal' aristocracy, and the establishment of a political framework both for its class rule and for the development of capitalism.[13]

States are the outcome of struggles among different structures and sources of authority. In the consolidation of modern states in Europe, urban merchants and financiers 'typically wielded considerable influence' because they 'entered actively into public finance' and because they controlled markets that supplied state institutions with the resources they needed (Tilly 1994: 6). States 'operate chiefly as containers and deployers of coercive means, especially armed force' (Tilly 1994: 8), and chiefly for purposes of taxation, conscription, and the prevention of rebellion, as well as for protection from external threats.

But cities coordinate and channel capital flows, and states everywhere depended on the credit facilities of the great commercial families. However, capitalists made cash and credit available only for war or insofar as it 'increased the protection of their own uses of capital' (Tilly 1994: 11). State dependence on commercial revenues enabled merchant classes to use their wealth to gain greater economic freedom and political independence in exchange for financial support. Consequently, merchants not only enjoyed high status but in some countries, such as Holland, 'they *were* the state' (Christian 2004: 394).[14]

City government was immense and complex relative to that of local rural government. In the early commercial cities, merchants

had to undertake to provide security for roads, protection from tolls and arbitrary seizures, settle disputes between sellers and buyers, and supervise exchange values. Centralizing monarchs adopted urban forms of fiscal control and laid claim to networks that had been developed by private and municipal organizations. In fact, 'what later became the fields of interstate diplomatic relations – royal coinage prerogatives and monarchical jurisdictions – were primarily shaped by merchants' networks at a time when no prince had the ability or the vision to meet these typically urban needs' (Blockmans 1994: 233).

As Chapter 3 argued, the expansion of industrial production in Europe was everywhere undertaken by aristocracies and other elites and wealthy groups who sought to profit from this expansion while, at the same time, maintaining the class, land, and income structures on which their social power rested. As they took control of the industrial production that had grown up in Europe over several centuries and encroached upon the power of the state, landowners and their merchant allies turned the state back into an apparatus of aristocratic domination.

The expansion of trade led to the concentration of wealth and power in cities, and widened income differentials between interior elites who remained dependent on agricultural taxes, and those who had control of the ports and of direct trade revenues. With the growth of cities, the possession of money became a greater power than the possession of land, further undermining the power of landed elites and transferring power to merchants. However, 'new wealth (manufacturers and industrialists) did not challenge old, but simply bought a landed estate'; and the younger sons of landowners joined the sons of urban tradesmen and master manufacturers among the merchants and professional men, 'thus strengthening the social bonds between landed and other forms of economic and social power' (Morris 1979: 15).

England came to be dominated by an alliance between the great landowners and the bankers and merchants of the City of London. In the eighteenth century, the links between the 'city' and landed society had become more intimate as vast increases in the public debt created a 'stock-and-bondholding aristocracy', and the sons of wealthy landowners and aristocrats were trained for administrative, diplomatic, military, legal, or banking careers. By the 1840s, 'a large fraction of the landed gentry had become directly involved in commercial or financial (but not industrial) activity or in the liberal professions, particularly the law' (Boyce 1987: 19, 20). Merchants who had made their fortunes in the city purchased rural estates and, eventually, made their way into landed society, resulting in 'the urbanization of the surrounding countryside' (Parker 2004: 95–96). In Germany a feudal landed aristocracy and industrial plutocracy merged through frequent intermarriage. Up to 1918, industrial magnates, the landed aristocracy, heads of the army, and the top bureaucracy constituted 'the closely knit ruling system of Germany' (Sohn-Rethel 1978: 52).

In much of Central and Eastern Europe, the bourgeoisie consisted of foreign colonists – usually German, Jewish, or Greek, but also Polish and Italian – who were nationally, as well as socially, different from the surrounding population. Up to the second half of the nineteenth century, and sometimes even into the early twentieth century, many towns in Central and Eastern Europe were German, Jewish, Greek, or Italian enclaves within Slav, Magyar, or Romanian societies. In Poland, Bohemia, and the Slavonic districts of southeastern Austria, the towns were for many centuries exclusively German. Well into the nineteenth century all the larger towns of Hungary were essentially German. Commercial life and industry were controlled by ethnic Germans in Estonia and Latvia. Jews constituted the main urban class in Romania and Poland, as well as in parts of Lithuania. These foreign bourgeoisies represented an international class. Their prosperity was based on their having an international network at their disposal; and 'their primary interest, therefore, was in maintaining the autonomy of the cities and the links among them, rather than in establishing national markets' (Hobsbawm 1962: 166).

III. State Formation in Europe I: Imperial Expansion at Home

Processes of 'nation building' as they unfolded, originally, in Europe bore all the political, economic, cultural, and military features of imperialism and colonialism. They involved territorial

expansion from political centres or 'cores', and the absorption of areas with distinctly different traditions and political institutions. Western European states were formed by groups who conquered and colonized territories and subjugated, massacred, expelled, or forcibly assimilated their native populations. Where territories contained ethnically heterogeneous populations, claims were often based on 'historical rights' going back to medieval or even ancient times. Additional claims often enlarged the original territory on the basis of 'strategic' or economic considerations. These territories frequently contained either the most ethnically heterogeneous or the most homogeneously foreign population of the territories claimed by the state. Once statehood was achieved, the ruling nation in the new multinational entity often finished the work (usually already well under way) of expelling, exterminating or forcibly assimilating ethnic minorities and other portions of the population having either separate territorial claims or the potential power to challenge the rule of the dominant group. Later, elite-led 'national' movements, with funds and military assistance provided by existing states, organized crusades to acquire territories for which they had created and advanced cultural or other claims. Cities were at the centre of these processes and, in each 'national' domain, functioned as a seat of imperial power.

England, from the sixteenth century, was created and directed by London, with its provincial economies becoming satellites of the capital (Braudel 1982: 365). It then expanded into Ireland, Scotland, and Wales, where Celtic populations, hostile to English culture, were subjugated by military conquest and forcibly united with England in different ways (the British revenue collector was as alien to the inhabitants of Great Britain as the officials of large military/bureaucratic states such as the Romanov or the Habsburg Empires). The English exercised dominance over the commerce and trade of these lands, and all of them – Ireland, as well as Scotland and Wales – sank into the position of 'peripheral' countries (Hechter 1975: 147–150).[15] Ireland, where the English viewed the native population as savages (Hill 1967: 131) and appropriated three-quarters of the land for their own advantage, was totally subjugated to the English market (Cullen 1968: Chs. 2–4; Hechter 1975: 84–95; Plumb 1950: 179). In the eighteenth century, London controlled all of England's production and distribution and handled at least four-fifths of its trade (Braudel 1984: 365–366). In 1914, London was as large as the next 12 cities combined and 'the centre of an imperium that was a city state, not unlike ancient Rome' (Schneider 1963: 229).

France was formed by a political–military 'core' located in the region around Paris (the Ile de France) through the sometimes violent subjugation and incorporation of numerous territories: Normandy (1204) and Occitania (1271), in which there lived essentially a different people, with a different (Mediterranean) culture and a different language (*langue d'oc*); and, by 1500, Burgundy, Brittany (a region of Celtic culture), and Aquitaine. These areas were subordinated to the Ile de France for centuries. In the eighteenth century, Montesquieu observed that, 'In France there is only Paris – and a few outlying provinces Paris hasn't yet found time to gobble up' (quoted in de Tocqueville 1955: 72). 'It is no exaggeration to say that Paris *was* France', de Tocqueville wrote at the end of the century, with the metropolis attracting to itself 'all that was most vital in the nation' (de Tocqueville 1955: 72–73). 'Paris', wrote Turgot, 'swallow[s] up all the riches of the state' (*Oeuvres*, 1913: Vol. I, 437; cited in Braudel 1982: 328). The Marquis de Mirabeau observed that the provinces were in 'a state of dependence on the capital, their inhabitants treated as a sort of inferior species' (in de Tocqueville 1955: 72–73). Unequal exchange between Paris and the provinces ensured that Paris would continue 'to grow more handsome and more populous . . . at the expense of the rest of the country' (Braudel 1982: 328).

Spain, like France, grew by absorbing kingdoms markedly dissimilar in cultural and legal traditions and institutions, either through dynastic marriage (Castile, Aragon) or annexation by force (Navarre, Granada). *Portugal* built itself up by similar means. In the eighteenth century, Lisbon was the seat of imperial administration, tenuously linked to its rural hinterland, with the monarchy maintaining 'only symbolic ties with the rest of the country' (Hespanha 1994: 194). The creation of *Germany* was achieved under the direction of Prussia and through the military conquest, enforced cultural assimilation, and economic subordination of peoples living in territories annexed from Poland, Denmark, and France. The creation of *Italy* was brought about by the conquest and annexation by Piedmont, a territory not even considered by most of its inhabitants to be part of

Italy,[16] of other provinces on the Italian peninsula. The south was treated as an area for quasi-colonial exploitation by the north,[17] and southerners were considered by many northerners to be a biologically inferior race of barbarians.[18] In the nineteenth century, the Italian peninsula still consisted of a 'system of small territorial states each dominated by the oligarchy of a single city' (Tilly 1994: 18).

Imperial, Colonial and National States

Although the term 'imperialism' came to be used exclusively to mean the direct or indirect domination of overseas colonial territories by modern industrial states,[19] the process of building states in Europe and empires (both at home and abroad) was essentially similar. Underlining this similarity, a number of scholars have referred to state-building processes in Europe as 'internal colonialism'.[20] Like colonialism, state building in Europe involved reshaping the social and economic institutions of conquered areas to the needs of a militarily powerful 'core'. This core imposed physical control over culturally distinct groups which were discriminated against on the basis of their language, religion, or other cultural attributes. Often, they were treated as objects of exploitation, 'as a natural resource to be plundered', and with the brutality that states treat conquered foreign countries (Gouldner 1977–1978: 41). The economy of the peripheral area was forced into complementary development to the core, and generally rested on a single primary export. Juridical and political measures similar to those applied in overseas colonies were imposed in order to maintain the economic dependence of these areas. Members of the core monopolized commerce, trade, and credit, while in peripheral areas there was a relative lack of services and a lower standard of living.

Movements to form 'nation states' in Europe during the nineteenth century were thoroughly bound up with imperialism.[21] In fact, in many cases their *stated* aim was not to form 'nation states' but to resurrect or create empires.

At the end of the eighteenth century, Napoleon fused French nationalism with the Roman imperial idea and, as the alleged heir of Charlemagne, united France, Western Germany, Italy, and the Low Countries in a new empire. At the peak of its power (1810), France directly governed all of Germany west of the Rhine, and north Germany eastwards to Lübeck; Belgium, the Netherlands, Savoy, Piedmont, Liguria and Italy west of the Apennines down to the borders of Naples, and the Illyrian provinces from Carinthia down to and including Dalmatia. German nationalists put forth claims to territory regardless of whether the population directly concerned really desired to change its sovereignty.[22]

This served as a template for subsequent 'nationalist' movements in Europe. Many in the pan-German movement demanded 'union' of the Swiss, the Dutch and even the Scandinavians with Germany in a great racial Nordic brotherhood.[23] Italian nationalism became bound up with a mission to 'complete the *Risorgimento*' (unification movement) through expansion into contiguous and overseas territories. This was a theme of Giuseppe Mazzini, a leader of the *Risorgimento*, no less than it was of Mussolini. Mussolini shared Mazzini's hope for a 'Third Rome', which would exercise world leadership as the Rome of the Caesars and the Rome of the Popes had done (Kohn 1955: 81). The champion of Russian pan-Slavism, Nikolai Danilevsky, argued that Russia must create and lead a Slav federation (in order to destroy 'the rotting west' to the benefit of all mankind) consisting of Russia (with Galicia, the Ukrainian parts of Bukovina and Hungary, and the Carpatho-Ukraine added), Trieste, Gorizia, Istria, the major part of Carinthia, Czechoslovakia, Romania, Hungary, Bulgaria, Greece, and Constantinople.[24]

Polish nationalists sought and won from the Peace Conference following World War I a resurrection of the supra-national seventeenth-century Polish commonwealth. Hungarian nationalism, as embodied in Lajos Kossuth's program of 3 March 1848, envisaged not a Magyar nation state, but incorporation of Croatia–Slavonia, Transylvania and the so-called Military Frontier in the Kingdom of Hungary. None of the Balkan nationalist movements that came to the fore in the early nineteenth century, or their Great Power sponsors, was interested in dividing the Ottoman Empire according to the principles of nationality. The ideological cornerstone of Greek national politics until recent times was the *Megali* idea, based on the notion of the resurrection of the glory and power of the Byzantine Empire (Petropulos 1968: 455–457). The *Megali* idea culminated on 4 August 1936, when General Johannes Metaxas established a

fascist regime, inaugurating the 'Third Hellenic Civilization', with the Spartan salute as its symbol (Daphnas 1955).

Nationalists and nationalist writers (Fichte, Treitschke, Mazzini, Garibaldi, D'Annunzio, Kossuth, Obradovich, Danilevsky, and others) did not call for political independence of national communities within national frontiers. They demanded the resurrection of the historical empires of Byzantium and Rome, of Charlemagne, Caesar, Dushan, and Simeon. Where there was no imperial past to recall, nationalist writers and leaders called for the widest possible extension of national boundaries, regardless of ethnic considerations and in fundamental opposition to the national idea: the Great Germany Crusade; the Italian fascist crusade to recreate a Roman empire; the Russian pan-Slav movement and, within the pan-Slav movement, movements for a Greater Croatia, Greater Macedonia, Greater Serbia, and Greater Bulgaria. A pan-Celtic movement to unite the Gaels, Welsh, and Bretons was formed in the late nineteenth century; as was the Polish nationalist crusade to resurrect the supra-national Polish Commonwealth; and the Lithuanian ambition to resurrect the Kingdom of Lithuania.

IV. Imperial Expansion Abroad

European expansion abroad was characterized by the same activities undertaken by previous city states in armed pursuit of maritime commerce and colonies. It relied primarily on what William Thompson (1999) calls 'the Venetian model': the development of sea power to gain trading privileges rather than territorial possessions.[25]

Venice built a commercial empire through establishing nodes, forts, and trading posts to control other cities, many of which became city states. Among the most important of these were Zara, Spalato, Durazzo, and Ragusa (today's Dubrovnik). Ragusa became, with Venice, one of the two principal city states in the Adriatic (Parker 2004: 87). This was the model of overseas commercial and imperial expansion that was adopted first by Lisbon and then by Amsterdam and London, all of which reproduced small-scale versions of what they themselves constituted in western Eurasia: 'small enclaves oriented to long-distant trade and adjacent to large and more powerful land powers' (Thompson 1999: 156).

As Chapter 3 recounted, these activities began when fleets of Portuguese, Spanish, Dutch, and British warrior merchants, using ocean-going ships that had been developed to carry goods from the Baltic Sea to the Mediterranean along Europe's Atlantic coast, sought to gain control of Asia's trade. To control the Indian Ocean trade, the Portuguese established a chain of forts and commercial outposts along the main sea route which ran between Southeast Asia and the Middle East along the Malabar coast. These included Cochin (1503), Cannalore (1505), Goa (1510), and Malacca (1511). During the mid-sixteenth century, the Portuguese created dozens of fortified trading enclaves from Sofala (in Mozambique) to Macao in Southern China (Darwin 2007: 53). Like Lisbon itself, these were port cities oriented to trade and the exploitation of their own subject territories stretching into the interior: transit points in the export of agricultural products from their hinterlands. From these bases, Portuguese warrior merchants established a loose network of imperial authority over the sea lanes, taxing ships in transit in return for protection. In Indian Ocean ports, rulers were forced to pay tribute and to allow Portuguese military seamen to establish settlements, engage in trade, and acquire local lands. In East Africa, the Portuguese operated within the framework of the independent city states that existed along the coast (Mombasa, Gedi, Pate, Lamu, Malindi, Zanzibar, and Kilwa).

The Spanish, Dutch, and English warrior merchants who swarmed out of Europe were also primarily interested in creating and maintaining enclaves, forts, and trading posts. Spain, in establishing the administrative divisions of 'New Spain', recreated the old city states of pre-Colombian America (Darwin 2007: 64). These were large cities offering sophisticated road and irrigation networks, and systems of slave labour and tribute (Colley 2008: 44). Mayan city states existed in the Yucatan peninsula at the time of the Spanish conquest, as did the three major city states – Tenochtitlan, Taxco, and Tiatelolco – that formed the Aztec empire. Tenochtitlan at that time was larger than any city in Europe. The Spanish created Mexico City in Tenochtitlan in the first half of the sixteenth century, and established a network of urban centres, including Lima, Puebla, Mérida, Oaxaca, Santiago de los Cabl-leros de Guatemala, Cuzco, Quito, Trujillo, Cali, Bogotá, and the first foundation of Buenos Aires (Portes 1977a: 61). Cities were founded as mining and agricultural settlements, and as harbours. Potosi, the

South American boomtown, was one of the largest cities in the world in 1600. In 1580, there were 225 towns in the Spanish Indies: by 1759, perhaps 13 per cent of the population of Spanish America lived in cities with more than 20,000 inhabitants (Elliot 2006). Spanish settlers had only very limited contact with the Amerindian populations of the interior (Colley 2008: 44). Networks of labour and domination developed 'that were connected to the cities only to the extent that they participated in providing foodstuffs for the Spaniards' and *castas* (mixed-race people), 'generated surplus that could be used for tribute, or were part of the extractive structure' (de Alva 1995: 269).

The Dutch and British East India Companies were 'fashioned in the spirit of the Venetian state-galley system'(Cox 1959: 230). In Venice, large 'merchantman galleys' (*galere da mercato*) had been constructed in the shipyards of the Arsenal, which was run by the Venetian state. Braudel describes these large trading galleys as 'a combination of state enterprise and private association, the latter being a kind of consortium of export merchants' (1984: 126).

The Dutch envisioned securing commercial domination of trade in Asian waters by avoiding territorial control and establishing a network of bases. But violent local succession struggles and rivalries, which constantly embroiled the Dutch in military conflict, shifted their strategy to one of establishing direct rule (Thompson 1999: 165). The British East India Company established trading posts in Madras (1639), Galle (1640), Bombay (1661), and Calcutta (1690). India at that time had two of the largest cities in the world: Delhi and Ahmedabad. Bombay grew as it gained control of India's westbound trade. During the late seventeenth and early eighteenth century, rapid conversion of marsh and forest into rice lands in Bengal, and the huge workforce of cotton weavers and spinners (perhaps one million or more) 'created an exceptionally dynamic economy' (Darwin 2007: 149). It was not until the mid-eighteenth century, that London became 'as extensive, populous and rich' as Murshidabad (the old capital of Bengal), or as Agra, Fatechpore, Lahore, and other cities of the subcontinent.[26] There also emerged two clusters of city states within the ambit of the British Empire: Singapore and Hong Kong, in the Far East; Kuwait, Bahrain, Qatar, and the United Arab Emirates, in the Middle East.

As European military power intensified and extended trading networks, it was cities, not states, that were incorporated into the system: those that linked together the Atlantic trade in the sixteenth century (Lisbon, Seville, Bahia, Havana, Mexico City, Amsterdam, Le Havre, London, and New York); those that tied together circuits of silver in the seventeenth century (Seville, Amsterdam, Acapulco, Manila, Edo [later re-named Tokyo], Guangdong, and Beijing), and the Pacific cities that emerged by the end of the nineteenth century (San Francisco, Sydney, Shanghai, Los Angeles, Hong Kong, Vancouver, and Tokyo). Edo, by 1868, had become one of the largest cities in the world. Treaty ports were the sites of a 'disproportionately large part of the wealth and enterprise of China' (Hubbard 1935: 195). After 1842, the port of Shanghai became the commercial outlet of China's Yangtze basin. Singapore (founded in 1819) grew up as a hub of Southeast Asian trade. The commercial hub of the pampas, Buenos Aires, grew from 300,000 in 1880 to 1.3 million in 1920 (Darwin 2007: 332). Cape Town rapidly expanded to serve as a commercial centre for the diamond and gold mined inland. Melbourne and Sydney emerged on the Australian coast.

The British and Ottoman Empires were intertwined through Bombay, Karachi, Bushire, Basra, Port Said, and Jidda. Ottoman port cities on the Eastern Mediterranean and the Black Sea – Corfu, Salonica, Smyrna (Izmir), Odessa, Alexandria, Beirut, Trabzon, and Trieste – were linked to port cities in Europe: Amsterdam, London, Venice, Genoa, Nantes, Bordeaux, Lisbon, Cadiz, Seville, Rotterdam, and Le Havre. These, and also the great commercial cities of Constantinople and Cairo, experienced continuous population and commercial growth during the nineteenth century. Salonica was an industrial city that manufactured cloth, carpets, soap, and faience. It had silk-weaving and glass-blowing industries and, along with Smyrna, was an important source of cotton for Europe. Trabzon was a centre for exports that came through the Iranian transit trade and the coastal trade along the Black Sea, supplemented by the products of the East Anatolian hinterland (Kasaba, Çağlar, & Tabak 1986: 130–131). Alexandria in the nineteenth century was one of the world's greatest entrepots.

At the beginning of the nineteenth century the world was perhaps about three per cent urban. At its end some 15 per cent of the world's population was urban (Hay 1977: 74).

Imperial and port cities in Europe, and port cities and colonial cities elsewhere, formed a dynamic field of transnational production

and exchange. With the expansion of trade around the world, port cities expanded and large new port cities emerged. These developed to serve global trade. They were 'entry or exit points for the movement of goods, labour and capital' and served 'as nodal centres for the reception and transmission of culture, knowledge and information' (Tan 2007: 853). They 'followed similar trajectories – rapid economic growth, physical transformation, and the emergence of an outward-looking, plural population linked to a dense network of maritime connections engendered by international trade' (Tan 2007: 852).[27] British industrial exports were designed to promote this urban 'development'; and throughout the nineteenth century, Britain built, in foreign lands, banks, telegraphs, and other public services, port and city infrastructures, urban dwellings, harbour improvements, docks, rail yards and railroads, customs houses, hotels, clubs, and residences for the prosperous merchant class.

V. State Formation in Europe II: Nationalism

The construction of modern 'national' states involved two processes. The first was the creation of more durable connections between urban centres and their hinterlands and 'an expanded capacity to monitor, contain, seize, and redistribute resources' within territorial domains (Tilly 1994: 26). The second, and later, process was the development of an ideology that sought to naturalize those connections and tie the mass of the local population to a bounded political and cultural realm.

The emergence of the notion of *national* territoriality was linked with the struggle of elites to gain greater control of resources within the territories claimed by the state. The territorial entities inscribed with national identities were often divided by linguistic and cultural incomprehension, and by barriers between town and country, classes, and regions. These barriers were not different in kind from those that faced migrants moving between states and continents. By forging societal integration and social solidarities across increasingly differentiated realms, nationalism emerged as a resolution both to internal 'north/south' divides (as, for instance, the Southern Question in Italy) or the 'internal colonial' situation, and to the 'social question'.

The national idea was an elite-constructed *imaginaire* that envisioned cities and their hinterlands as organically related and culturally bound together, and the population throughout the combined terrain as having become, through common heritage, members of a single family.

It emerged in the context of the simultaneous globalizing and localizing dynamic generated by dualistic industrial expansion. Dualistic industrial expansion linked together the cities around the world in a trans-local system of trade and intercultural exchange, but simultaneously reinforced a separate set of rules, processes, and conditions of life for the wider local population. It was in the context of both the mobilization of mass labour forces, and the increasingly different systems for trans-local and local interests and actors, that the national idea emerged. Nationalism pushes the class situation into the background by defining the propertied and propertyless as equal members of a nation. It represents national issues as more important than social, economic, or political ones, maintains that the basis of exploitation is race, not class and 'naturalizes' an image of the world as consisting of whole racially homogenous societies locked into relations of antagonism with other whole racially homogenous societies.

In the eighteenth century, dominant groups in Europe began increasingly to define themselves as 'nations', and, as the European sphere of influence expanded, groups in different countries facing problems similar to those that had given rise to the national idea in Europe adopted the model and adapted it to local conditions. The emergence of national states was a global, nineteenth-century process, developing in Egypt, Thailand, and Japan as much as in the monarchies and empires of Europe (Goldstone 2002: 338). Elites around the world, challenged by the same local pressures, redefined themselves and what they were doing in broadly similar ways. As Chris Bayly has noted, 'what we call "nationalisms" within Europe and "communalisms" or "ethnicities" outside Europe were in fact comparable, and were fashioned to confront similar pressures over a broadly similar period' (Bayly 1989: 174).

Cities are at the intersection of local and trans-local socio-cultural realms and are embedded in webs of connection that ensure that they are never entirely local. They develop at the end of a transport route, or at the junction of two transport routes: thus, 'no city is an island; each is part of a larger network' (Bosworth 2000: 273).

By the mid-eighteenth century, the most advanced cities of Europe had become as fully developed toward capitalist production, class relations, and commerce as were many cities of Asia and Africa.

Europe's integration into Asian trade and commercial networks had generated new sources of wealth and opportunities for the pursuit of profit (see Chapter 2). In the maritime states of northwest Europe, elites sought to monopolize these opportunities by privatizing vast blocs of collectively owned lands of village and town communities, common fields, common pastures, and woodlands; and by deindustrializing the countryside and concentrating industry in cities where large populations could be mobilized and placed under surveillance (see Chapter 3). These changes were undertaken, not to create national markets and broad-based prosperity, but to generate profits for rural landowning and urban elites through an expansion of production for export. With the expansion of urban-based industrial production for export, cities in Europe and throughout the world became increasingly linked together in an interdependent system of trade and inter-cultural exchange. Throughout the world, rural areas were deindustrialized and industry was concentrated in foreign-oriented urban centres leaving local economies, everywhere, limited and weakly integrated.

From the start, national historiography, ideology, and cultural institutions masked the existence of the trans-local/trans-continental character of the elite.[28] Until recently there was a sharp disparity between local cultures that were 'strongly particularized' and a transnational culture of which Latin and French were successively the linguistic vehicles (Bayart 2005: 63). Many scholars have described the pan-regional European elite as more closely tied by culture and concrete interests to an international class than to the classes below them. Even where they had the same nationality and religion, their mode of life had, in all respects, more in common with elites elsewhere than with the lower classes within their own countries.[29] Russian elites spoke French or German, and not Russian, which was a peasant dialect. The Ottoman elite 'identified with an Osmanli culture that was open to Byzantine, Arabic, Persian, Jewish, and Armenian influences, rather than the popular Turkish-speaking culture' (Bayart 2005: 62).

To 'nationalize' themselves, ruling classes in Europe embedded themselves in the culture of the local rural sector. Politically active and nationally self-conscious ruling groups, educated urban classes, and conservative elements extolled the peasant and traditional forms of life of the rural population as the main sources of national culture, and revived peasant costumes, dance, and celebrations as part of its effort to hold down the rural population (Luxembourg 1976: 260, 262). Elsewhere, the theme of extolling traditional ways of life, 'was seen by turns as rural–aspirational (the dominions of settlement), caste-based and princely (the Indian Empire), chiefly and traditional (the crown colonies of rule), and Bedouin and tribal (the Middle East)' (Cannadine 2001: 122).

Everywhere, the idea of 'nation' emphasized features characteristic of lower social strata so as to make the population of a territorial domain 'more distinct from people in adjacent countries' (Lieberman 1999b: 38). The hinterland represented a conservative bulwark against potential radicalism and the growth of new classes in the cities. The conservatism of the peasant mass was a counterweight to the multi-national radicalism of cities; and socially conservative peasants provided a source of soldiers and mercenaries.[30]

While national institutions created bounded political and cultural realms, these realms nevertheless remained open and fluid 'at the top'. There, trans-local networks of elite exchange, and interdependent sites of production transected them and produced a convergence of styles and conditions of life. Nationalism sought to render invisible the trans-local networks that linked together (and sometimes created) the top strata of 'national' societies, and the existence and interdependence of a trans-local social field that, from the start, and continuing to this day, has shaped relations and developmental out- comes across, between and within them.[31]

Conclusions

The enclosure of urban hinterlands within armed governates enabled elites to monopolize access to local resources, expand trans-local networks of elite exchange, and create, with elites elsewhere, interdependent sites of production. This monopolistic, anti-market accumulation expanded the wealth and power, not of nations, but of cities. Cities were welded to increasingly larger, more militarily powerful territorial domains. However, the deindustrialization

of rural areas, concentration of production in cities, and alliances between urban notabilities and rural landowners, ensured that the power of cities increased and remained greater relative to that of their surrounding areas. Thus, throughout processes of territorial expansion and consolidation, cities remained centres of wealth accumulation, culture, and power within the larger territorial units that formed around them. Despite their integration with rural areas or, in some cases, absorption into neighbouring land empires, cities remained dominant. The consolidation of larger territorial domains consequently produced a form of state that more closely resembled the city-state systems of the past than an essentially new and different nationally-integrated state form. What we call the 'nation state' is a unified administration of cities and their hinterlands – not to develop 'national' markets, but to facilitate capital accumulation through exports. The ideology of nationalism and nation states deflected attention from the fact that their chief aim was to promote the expansion of external trade rather than to develop the home market.

As Charles Tilly observes, 'state-led processes created visible, prestigious, transferable models for exploitation and opportunity hoarding'. As a result, 'Throughout the world, administrative structures, constitutions, and declared commitments of regimes to development, stability, and democracy came to resemble each other far more than did the diversity of their material conditions and actual accomplishments' (Tilly 1990: 180). As the next chapter endeavours to show, a global social order emerged with the expansion of industrial production, constituted of horizontal solidarities between groups of elites in different parts of the world. During the nineteenth century, cross-national networks of production were expanded and maintained through the development of an imperial project which became increasingly a collaborative *transnational class* project.

Notes

Chapter 2 The Origins and Development of Capitalism

1. Following in this tradition, Max Weber defined capitalism as an economic system based on the production and rational exchange of goods within a market framework (1978: Vol. II, 920, 922). Werner Sombart (1902) equates capitalism with market society.
2. Agricultural wage labour was found throughout the Roman Empire. In the Empire's most important province, Egypt, wage labour played a major role on commercial estates. Peter Temin argues that 'despite

Rome's use of slavery, free hired labour was the rule, not the exception, in the rest of the early Roman empire' (2004: 516).

3. For classical political economists, competition in the market is an ideal mechanism for maximizing welfare; while, for Marx, the basic objective of capitalism is to maximize capital accumulation, and this does not necessarily lead to the production of goods and services that people want and need.
4. These accounts, also referred to as 'demographic', or 'neo-Malthusian', or 'neo-Ricardian' explanations, build on Emmanuel Le Roy Ladurie's (1976) definition of the basic mechanisms and consequences of population shifts in early modern Europe.
5. Wallerstein argues that a point of diminishing returns was reached after nearly a millennium of surplus expropriation within the feudal mode of production; unfavourable climatological conditions that lowered the productivity of the soil, and increased epidemics.
6. As Stephen Sanderson observed, *contra* Dobb, 'the game of spiralling status emulation was played by landlord classes throughout the agrarian world without necessarily resulting in increased levels of exploitation and peasant flight' (Sanderson 1994: 27).
7. Brenner seems to acknowledge this in stating that 'changes in relative factor scarcities consequent upon demographic changes exerted an effect on the distribution of income in medieval Europe only as they were, so to speak, refracted through the prism of changing social-property relations and fluctuating balances of class forces' (Brenner 1982: 21).
8. Real wages doubled in most countries and cities during the century following the first occurrence of the plague. As land became more abundant relative to labour, prices of agricultural goods declined relative to manufactured goods, especially in relation to manufactured goods with high labour content. Land rents as well as interest rates went down both in absolute terms and relative to wages. Landowners began to lose, while incomes of labourers, peasants, and women rose (Pamuk 2007: 294).
9. In Britain, the crisis in seigneurial incomes was exemplified by the Wars of the Roses (1455 and 1485).
10. As Claudio Katz describes it, aristocratic attempts to restore feudal controls over the cultivators 'were met by violent peasant resistance organized village by village and built upon the long years of experience of conflict against the lords' (1993: 372).
11. Patricia Croot and David Parker argue that such innovations were necessary for the survival of smaller farms that lacked the capital for large sheep flocks, the typical cash generator of sixteenth century England (Croot & Parker 1985: 80). There are cases in which even open-field villages successfully adopted new crop-rotation and breeding techniques (see Havinden 1962; Jones 1974, and the works cited there; and O'Brien 1977).

12. Tom Williamson maintains that, in any case, crop yields in the period 1700–1870 'were largely independent of farm size'. In fact, 'on average, large farms actually produced *lower* yields than small ones because small farms were generally found in areas of more fertile soil and large ones in less favoured areas' (Williamson 2002: 19–20).
13. There is an ongoing debate about categories of labour and labour conditions which count as wage labour or proletarianization. According to Ann Kussmaul (1981), when farms used outside labourers in the mid-eighteenth century, up to one-half were so-called 'servants in husbandry' who were hired on an annual contract, lived in the farmer's house, and were paid room and board plus a little spending money. Adding family farms to this, no more than 30 per cent of agricultural labour was done on the basis of wages (cited in Albritton 1993: 431).
14. Fully commodified labour power is characterized by the following:

    (1) Workers are fully separated from all means of production and have no means of support outside their wage; this means they must be paid a 'subsistence' wage and paid frequently (usually weekly) in money form.
    (2) The relation between capital and labour is totally impersonal in the sense that capital treats labour simply as a commodity input.
    (3) Labour must, at least in principle, be mobile in order to be able to respond to changes in supply and demand in the labour market.
    (4) No form of extra-economic coercion interferes with the labour market, whether from labour, capital, landlords, the state, or any other interventionist source (Albritten 1993: 424).

15. 'The lengthening of the workday . . . permits an expansion of the scale of production without any change in the amount of capital invested in machinery and buildings' (Marx 1990: 529).
16. See, for a discussion, Marx (1990: 517–118) and, as cited there, annual *Reports of the Inspectors of Factories, Reports of the Children's Employment Commission*, and *Reports on Public Health*, published in London.
17. In irrigation and many other agricultural technologies Europe 'lagged behind China, India, Japan, and parts of Southeast Asia' (Pomerantz 2000:45). According to Pomerantz, Europeans applied lessons learned from India and China to their tropical colonies, but not at home until well into the nineteenth century (Pomerantz 2000: 45).
18. According to Perry Anderson, Absolutism was essentially 'a redeployed apparatus of feudal domination, the new political carapace of a threatened nobility . . . in the epoch of transition to capitalism' (1974: 18, 42).
19. Before 1800, most of what was exported from the New World, other than gold and silver, was luxuries: furs, tobacco, and sugar (Pomerantz

2000: 192); from the East, the main exports to Europe were spices, jewellery, textiles, porcelains, tea, silks, paintings, lacquerware, metalwork, and ivory.

20. Early modern Europe's main source of grain, timber products, and raw materials for textiles (Kellenbenz 1976: 326).
21. The term 'born global' has been applied to firms. It challenges the assumption that firms build a stable domestic position before starting international activities (for an explication see Knight & Cavusgil 1996).
22. For good introductions to Braudel's work see Helleiner (1990), and Germain (1996a). Wallerstein's conception of capitalism as a world system was inspired by Braudel's argument that capitalism occupies the uppermost of these levels, above the spheres of local and national life. However, Wallerstein ignores key elements of Braudel's conception of capitalism and how it develops.
23. This borrows from John Lie's definition of 'region' (Lie 1993: 278).
24. As Braudel notes, '[T]he extraordinary thing is that such images should still be with us today in the language spoken by politicians and journalists, in works of popularization and in the teaching of economics, when doubt long ago entered the minds of the specialists' (1984: Vol. III, 628–629).
25. This war was misnamed by German historians as the 'Seven Years' War' – it actually lasted for nine (Fischer 1996: 135).
26. The common people regarded the 'moral economy' as the birthright of 'free born Englishmen': the belief that members of the community had the right, enforceable by law, of basic material security, either through labour at a fair wage or through poor relief, and protection from violence, theft and extreme oppression. Closely associated with this belief was the conviction that members of the community possessed certain rights, enforceable in law, including that of subsistence, if not through labour at a fair rate of pay then through poor relief (Thane 1990: 7). In France, ' Liberty, Equality, and Fraternity' – the 'Rights of Man' – was a call, not to new ideas, but for a return to the moral economy. One of the fundamental articles of the Declaration of the Rights of Man and of the Citizen proclaimed that subsistence for the poor was a fundamental right; it declared that 'Public relief is a sacred debt'.
27. Many historians assume that England did not experience a form of state corresponding to the absolute monarchies of the continent because English monarchs could not take the property of their subjects without their consent in Parliament. But continental absolutism was also based on the rights of property.
28. In the first half of the sixteenth century, many European towns and governments produced new ordinances for the relief and regulation of the poor. Most of the schemes and regulations represented a 'forceful introduction of secular authority into the field of social welfare and placed at least part of the responsibility for organizing poor relief in lay hands'. In addition, most of them 'centralized control of a miscellany of existing charitable institutions and mechanisms' (Slack 1988: 9).

29. Pat Thane points out that 'There is a real question as to whether the vastly richer Britain of the twentieth century is relatively more or less generous to its poor than the England of the seventeenth and eighteenth centuries' (1998: 55). Paul Slack thinks it likely 'that Englishmen gave more to the poor in 1700 than they had ever done; and that they gave a greater part of it through an organized system of public welfare and not through private charity, of whatever kind' (Slack 1988: 172).
30. By the beginning of the eighteenth century, all cites with a population of more than 5000 had an *hôpital general*. The monarchy financed a system of *ateliers de charité* in the 1770s to provide supplementary income to the able-bodied poor, primarily in the countryside in months when there were no opportunities for work (Lis & Soly 1979: 200–209).
31. The legal measures were never fully implemented, however, because of resistance from aristocratic office-holders whose job it was to apply them (Zöllner 1982: 18).
32. Based on the feudal mode of production, in which heavy extraction of surplus from small producers is applied through extra-economic coercion and economic growth is primarily extensive – through the expansion of the area under cultivation.

3 Industrialization and the Expansion of Capital: Core and Periphery Redefined

1. In the 1980s, a number of prominent economic historians questioned the empirical validity and theoretical utility of the notion. (see, e.g., Cameron 1981, 1985; Crafts 1983; Fores 1981; Harley 1982; North 1981: 162). Cameron (1985) provides a brief survey of the scholarly objections voiced at the time Arnold Toynbee invoked the phrase, in his *Lectures on the Industrial Revolution*, published in 1884. De Tocqueville had used the phrase as early as 1850–1851 in his *Souvenirs* (1978: 113–114), but it may have been used earlier by others.
2. Karl Polanyi's analysis of Europe's nineteenth-century market system (in *The Great Transformation*, 1944) inspired the notion of markets as embedded and disembedded. Polanyi argued that, before the rise of the unregulated market system at the end of the eighteenth century, exchange relations were governed by principles of economic behaviour (reciprocity, reallocation, and householding) that were 'embedded' in society and politics. At the end of the eighteenth century, however, states began to institute changes that formed the basis of the disembedded capitalist development that characterized Europe's nineteenth-century industrial expansion.
3. Moreover, anti-machinery riots between 1776 and 1823 'very considerably delayed the introduction there of the spinning jenny, scribbling engine, and flying shuttle' (Charlesworth *et al.* 1996: 24).

4. The term, 'Absolutism' was used by those who became opposed to centralized administration when monarchs attempted to introduce reforms that encroached on aristocratic power and privilege. However, in historical writing, the term 'absolutism' is used to refer to states that supposedly had a centralized administration applying laws uniformly over all the inhabitants of a territory. More on this in Note 7, below.
5. Attempts by elites to end their subordination to 'absolutist' states occurred in different ways. Aristocrats in France attempted to seize the state in 1789, triggering a move against them by bourgeois elements and an uprising of urban workers and peasants. The restoration that followed consolidated a conservative absolutism more compatible with the interests of aristocrats and elements allied with them. Revolutions broke out in what is now Belgium (1789), Switzerland (1792), the Netherlands (1794), Poland (1794), and Ireland (1798). Ruling oligarchies fell at the hand of French armies in many parts of Italy and Switzerland, including Genoa (1797), Venice (1797), and Berne (1798). Sweden's King Gustavus III was assassinated (1792), as was Russia's Czar Paul I (1801).
6. Adam Smith coined the term 'mercantile system' to describe the system of political economy that sought to enrich the country by restraining imports and encouraging exports. While mercantilist policies were concerned to expand exports and limit imports (in order to accumulate bullion), industrial capitalist policies sought the same end (in order to maintain the existing social system).

   Friedrich List, in his book *The National System of Political Economy* (1841) argued that countries must first develop their domestic markets before opening themselves up to international competition. The book had an enormous impact on German conservatives, who extracted from List's argument the need for protection, but rejected his prescription regarding the development of the domestic market (see Cowan & Shenton 1995).
7. The term 'absolutism', 'a commonly used pejorative political catchword in western European political discourse' during the eighteenth century (Blänkner 2005), was meant to convey 'absolute power' – which, in the middle ages and early modern period, denoted 'a regime where the ruler is not limited by institutions outside the kingship itself' (Bonney 1987: 94). Only France, Spain, and Austria are considered to have actually achieved this ideal. But even these states continued to be conglomerates where different systems operated. Under Louis XIV, France was a patchwork of political–legal structures, in which local and provincial institutions (estates, parliaments, sovereign courts) provided a counterbalance to monarchical power (see Morrill 1978).
8. This 'unfree' market was, according to Braudel, 'fairer' and 'more truly competitive' than what anti-Absolutist groups characterized as the 'free' market (Braudel 1982: 412–413).

9. The rentier capitalism 'which arose from the ownership of land by a numerically small elite' was initially the most important form of capitalist wealth in Britain (Cain & Hopkins 1993: 24)
10. Especially where they were needed to meet demand for luxury articles such as tapestries and porcelain; or where mass production for military needs was needed (Kellenbenz 1976: 247, 248).
11. In the first half of the eighteenth century, home industries increased their output by 7 per cent, export industries by 76 per cent; and then between 1750 and 1770 by another 7 per cent and 80 per cent, respectively (Hobsbawm 1968: 26). See also Deane and Cole (1967: 78) and Mathias (1983: 94).
12. This excludes goods produced both for the home market and for export: e.g., high-quality furniture, tools and utensils, glass, as well as building materials.
13. To paraphrase Perry Anderson's previously quoted description of the Absolutist state.
14. Though, the degree of discipline involved in the transition to industrial capitalism 'would hardly have been conceivable' without, in addition to new forms of exploitation, 'the authoritarian attitudes and laws' of an earlier time (Gillis 1983: 165).
15. As discussed in Chapter 2, both the classical and Marxist traditions assume that, in capitalism, competition drives the capitalist to improve the productivity of labour by technical means. But in monopoly conditions, there is no pressure on capitalists to do this.
16. Coal increased from 49 million tons in 1850 to 147 million tons in 1880. There were 200,000 coal miners in Britain in 1850, half a million in 1880, and 1.2 million in 1914 (Hobsbawm 1968: 116).
17. American shipbuilding expanded at a faster rate than British shipbuilding, and, by 1860, it had almost caught up
18. For example: the Siemens–Martin open-hearth furnace (1867), which made it possible to increase productivity; the Gilchrist–Thomas process (1877–1878), which allowed the use of phosphoric ores for steel manufacture.
19. 'In order to effect a fall in the value of labour-power, the increase in the productivity of labour must seize upon those branches of industry whose products determine the value of labour-power, and consequently either belong to the class of customary means of subsistence or are capable of supplying the place of those means . . . But an increase in the productiveness of the labour in those branches of industry which supply neither the necessaries of life, nor the means of production for such necessaries, leaves the value of labour-power undisturbed' (Marx 1990: Vol. I, 432).
20. In the contractions of the late 1860s (in textiles especially) and mid-1870s (industry-wide), employers attempted to cut labour costs by increasing performance, and the question of the nature and size of the

workload, and the replacement of skilled by unskilled and semi-skilled hands, supplanted wages as the major issue in labour disputes (Landes 1969: 319).

21. The value of labour was also reduced by forcing workers to consume poorer quality food, as, for instance, making them dependent on the potato crop for sustenance, which allowed them to survive on the lowest possible wage. The encroachment of potatoes on bread 'precipitated 'a regular dietary class-war' (Thompson 1975: 145).
22. In France and Germany the first factories were state prisons, 'whose purpose was both to make money and to discipline the inmate population' (Gillis 1983: 162).
23. The French National Assembly's *Decree upon the Organization of Trades and Professions* of 14 June 1791 prohibited all combinations, strikes, and agreements between workers to refuse to work, or between employers to refuse to give work except on specified conditions. The Act of 29 June 1871 gave legal recognition to trade unions (Trade Union Act 34 and 35 Victoria, c.31). But another Act of the same date (Criminal Law Amendment Acts 34 and 35, Victoria, c.32) re-established the previous situation in a new form (Marx 1990: Vol. I, 903).
24. See Chapter 2 for a discussion.
25. This connection 'appears irrefutable'. The reorganization of public support beginning in the 1770s occurred in places where the expansion of labour-intensive industries was occurring (Lis & Soly 1979: 205).
26. Workshops were connected to workhouses and orphanages in Hamburg, Berlin, and Copenhagen (Kellenbenz 1976: 247).
27. Wage rates and poor relief were used to keep 'a fluid supply of labour near at hand' in the towns, and were 'manipulated in the interests of farmers to maintain an adequate supply of labour to meet the highest seasonal demands' (Mock 1981: 26).
28. Beginning in the last decade of the seventeenth century, the economics literature suggests that most thinkers of the period were in favour 'of increased consumption, both by the middle class and the working classes' as an incentive for 'enterprise and industriousness' (Perrotta 1997: 296).
29. Developments in China, Japan, and Europe were strikingly similar in this respect. Between 1500 and 1750, the consumption of 'non-essentials' by ordinary Chinese rose. Japan's sumptuary edicts complained of peasants eating too well, using expensive specialty woods, and having overly decorative clothing, umbrellas, and gold, ivory, and silver ornaments; of people in farming villages buying 'furniture, medicines, and other specialised luxury goods from far away, while village stores stocked a variety of ready-made perfumes, hair oils, incense, and paper' (Burke 1993; cited in Pomerantz 2000: 131). Pomerantz notes that it 'remains unclear how much "luxury" consumption there was among

plebeians'; but that it 'probably drew disproportionate comment' from the upper classes even when the total amount, as with tea and sugar, 'remained quite small' (2000: 135). 'Even in England, it seems unlikely that working-class consumption of tobacco, tea, and sugar was of much significance before the 1840s' (Pomerantz 2000: 151).

30. The concern became to reduce wages to a minimum of 'subsistence'. Pre-Smithian economists generally advocated higher wages, which they defined as 'subsistence wages': 'the wage for the simplest work that ensured that the worker was well-fed, well-clothed, and well-protected from the elements'; and that not only covered the worker's annual costs, but allowed him 'to be free on holidays' (Perrotta 1997: 303; citing James Steuart [1767] 1966: 273, 275).
31. Increased consumption of tea and sugar was thought to waste the time and destroy the industry of the labouring class. Snuff-taking, tea and dram drinking, and ribbons, ruffles, and silks, were seen as responsible for high labour and servants' wages (Furniss 1965: 153; see also 154–156). Trade of sugar, tea, and coffee was for the upper classes; but the consumption of these items had 'spread slowly down the social scale' (O'Brien 1982: 10).
32. For instance, Rousseau and his adherents contended that luxury and increased consumption had corrupted French culture and had made men physically weak and caused them to forget civic virtue. However, the traditional luxury of the aristocrats, 'which had been a means of legitimating the political power of the nobility and was therefore part of the old social order', was not condemned (Perrotta 1997: 308). For a review of the eighteenth century debates on luxury, see Berg and Eger (2003: 7–27) and Berry (1994: 126–176).
33. Employers called into use the language and protocols of military operations. They saw themselves as 'captains' of industry and their task as one of 'conscripting, training, and commanding' an industrial 'army' which they housed in large-scale, multi-family tenements or rental 'barracks'. In Prussia, miners wore uniforms and saluted their supervisors (Gillis 1983: 154).
34. Private property had become 'enshrined as an absolute right in the struggles against Stuart and French absolutisms' (Ward 1977: 56).
35. Labour organization had played an important role in radical movements in France and England during the 1790s; and demobilization after the war contributed to the renewal of *sans-culotte* and trade union activity in France. Republican, liberal, or reformist army officers in Italy, Germany, Russia, and Spain joined the ranks of secret societies and radical movements (e.g., the Italian Carbonari, German Conditionals, Russian Decembrist conspiracy); officers and foot soldiers alike figured prominently in revolts and putsches in 1819, 1822, 1825, 1834, 1839, and 1844, and in the Europe-wide revolutions in 1820, 1830, and 1848.

36. See Halperin (2004, Appendix A3) for a chronology of insurrections, rebellions, revolutions, uprisings, violent strikes, riots, and demonstrations in Europe following 1789–1945.
37. By this is meant 'masses raised by universal conscription, armed and equipped by large-scale state-intervention in industry' (Howard 1961: 9). See, for an overview of this issue, Howard (1961: 8–39). Russia conscripted large numbers of men for the Crimean War; but contrast a description of the forces raised for that war (Royle 1999: 91–92) with the account of the French mobilization in 1870–1871 (and its connection to the rising of the Paris Commune) in Taithe (2001: esp. 6–13, 22–28, 38–47).
38. It seems unlikely that owners of wealth would not be conscious of the externalities associated with the application of large masses of labour to industrial production. But if they were not, would they have remained unconscious of this danger after Marx spelled it out for them in the widely read and endlessly cited *Communist Manifesto*? Marx, as in much of his writing, was perhaps only reflecting a general perception of his times when he wrote that

    > *The advance of industry . . . replaces the isolation of the labourers . . . by their revolutionary combination, due to association. The development of Modern Industry, therefore, cuts from under its feet the very foundation on which the bourgeoisie produces and appropriates products.* (Marx 1967: 93–94).

39. Jules Ferry, the founder of the modern French colonial empire expressed the general view in a speech delivered in 1883:

    > *The great states of modern Europe, the moment their industrial power is founded, are confronted with an immense and difficult problem, which is the basis of industrial life, the very condition of existence – the question of markets. Have you not seen the great industrial nations one by one arrive at a colonial policy? And can we say that this colonial policy is a luxury for modern nations? Not at all . . . it is, for all of us, a necessity, like the market itself.* (quoted in Langer 1931: 286–287).

40. See, e.g. Cairncross (1953: 225), Cameron (1961: 123, 152), Lévy (1951–1952: 228), Lewis (1972: 27–58), Sée (1942: 360), and Trebilcock (1981).
41. Britain devoted a substantially smaller proportion of her national output and savings to home investment than did any of her major competitors (Floud 1981: 12–17). There was a brief home investment boom near the end of the nineteenth century when an abrupt paralysis of the market for foreign loans occurred (one of the proximate causes of the Great Depression of the 1870s–1890).

42. Committee on Finance and Industry, Macmillan Report (1931), p. 171.
43. Lenin recognized that profitable investment opportunities could be provided at home with an adequate and sustained rise in the consumption of the masses. But, as John Strachey notes, this was, for Lenin, only 'a theoretical possibility to be dismissed as utterly incompatible with the real balance of power in any capitalist society' (Strachey 1959: 117).
44. See, also, Cain (1979), Davis and Huttenback (1988), and Engerman (1994). For Germany, see Wehler (1969); for France, see Langer (1931), and Wesseling (1997).
45. A. K. Cairncross asserts that French industry was 'starved for capital' (1953: 225). The issue was a matter of debate from at least the 1830s. See, Landes (1954: 260, n9). See also Kindleberger (1964), Lévy (1951–1952), and Sée (1942).
46. The minerals prominent in tropical trade today did not come to the fore until the end of the nineteenth century. Minerals amounted to only 13 per cent of tropical exports in 1913, compared with 29 per cent in 1965, and were prominent in the exports only of Peru and Mexico (Lewis 1978a: 201). Moreover, Britain's terms of trade were unfavourable throughout the nineteenth century and, until around 1920 (see figures in Strachey 1959: 149–151), while terms of trade improved for the less developed countries throughout that period. It was only in the 1950s, and again in the 1980s, that terms of trade in primary goods deteriorated (Bairoch 1993: 113–114). The exception – and, as Arthur Lewis points out, it is an important one for Latin America (and for arguments developed in this chapter concerning cheap food imports) – is terms of trade for sugar which, relative to manufactured goods, deteriorated by 25–35 per cent between 1830 and 1910.
47. W. Stanley Jevons' Law of Indifference states that, under ideal market conditions – perfectly homogeneous goods, a legal framework that provides for the enforcement of contracts and property rights, and traders who are knowledgeable profit maximizers – people are indifferent about what they buy or sell and with whom they trade (Jevons 1931: 90–92).
48. This can be seen today in regard to patent monopolies. The logic of patent monopoly is to have a safe and secure distribution system aimed at selling smaller numbers of expensive medicines to a wealthy class, rather than trying to distribute large numbers of cheap medicines at a few cents a day to the many poor. When large pharmaceutical companies speak about 'growing the market' in developing countries, it is the wealthy segment of the market they have in mind' (Drahos & Braithwaite 2002: 6).
49. British overseas investment – in particular British railway and harbour and ship building for Baltic, and later North American, grain – produced a backflow of cheaply produced raw materials and foodstuffs that did not compete with domestic English agriculture and drove domestic working-class wages down. Britain imported a third of its food after

1870, including nearly half of its bread grains (Barratt Brown 1970: 66; E. H. P. Brown 1968: 166).

50. In the 1850s, 'mass flight from the land – to railways, mines, cities and overseas – produced a welcome rural labour shortage and slightly higher wages' (Hobsbawm 1968: 84).
51. Britain's 'industrial revolution' was limited to the export sector and to the great centres of the export industry in the North and 'Celtic Fringe'.
52. Charles I of England (1600–1649) had launched a major programme of warship building and created a fleet of powerful ships; and shipbuilding became the basis for the expansion of industrial growth in Britain (R. Davis 1979: 64), fuelled by massive state investment in naval and military power.
53. See, e.g., Baran (1957), Chase-Dunn 1975, Evans (1979), and Portes (1985). This is a prominent theme in studies of the 'periphery'. Fernando Henrique Cardoso and Enzo Faletto state that their influential study of Latin American development 'does away with the idea that class relations in dependent countries are like those of the central countries during their early development' (Cardoso & Faletto 1979: 22). They describe Latin American societies as characterized either by a structure of 'oligarchic-bourgeois domination' centred on the alliance of a national bourgeoisie of local producing groups (plantation and mine owners, merchants and bankers) with local traditional oligarchies and bureaucratic–military states usually opposed to 'any effort to convert the dominant paternalism into a more efficient bureaucracy'; or by a weak bourgeois sector and oligarchic groups of large landholders linked to mining and plantation enclaves (Cardoso & Faletto 1979: 66–73).
54. See e.g. Blum (1978: 422–24), Cannadine (1990: 391–444), and Maier (1975).
55. E.g., Wallerstein (1974, 1991). 'Far from the bourgeoisie having overthrown the aristocracy, we have instead the aristocracy becoming the bourgeoisie' (Wallerstein 1991: 58).
56. There are numerous variations of this schema. Coates distinguishes between two different patterns of capitalist development. In 'First-Wave' capitalism, 'indigenous middle classes set the pace of economic change, presiding over an industrialization process'. In 'Second-Wave' capitalism, the move from feudalism to capitalism was fused and, as a result, industrial bourgeoisies were weaker and modernizing aristocracies were stronger (Coates 2000: 227). Lenin (1917) used the same set of characteristics to define two different roads: the 'American' and 'Prussian' roads (note, however, that only one of these roads is found in Europe). See, also, Kees van der Pijl's two-road schema based on a similar set of distinctions (1998: 78–79).
57. The classic study is the one by Lefebvre (1991 [1976]). See also Cobban (1971), Furet (1971), Rudé (1989), and Soboul (1962).

58. The *ancien regime* began the breakup of large estates into a multiplicity of small proprietorships long before 1789; and they introduced standing armies, a permanent bureaucracy, national taxation, a codified law, and the beginnings of a unified market. Johnson maintains that the number of landed proprietorships in France was scarcely smaller before 1789 than it was in the 1970s (Johnson 1979: 155). Nor were the ideas and values promulgated in the Revolution the product of a new and revolutionary class. De Tocqueville observed that 'many of the sentiments and opinions' which he had always regarded as products of the Revolution, and 'many of the customs commonly thought to stem from it exclusively had already entered into our mores' (1955: ix).
59. Chirot 1977: 223. A number of Marxist scholars once accorded to the bourgeoisie the central role in England's seventeenth-century revolutions. Hill (1940) and Stone (1972) are the standard accounts, but both have revised their views. Stone later argued for a more complex model of causes, but maintained that the result of the events of the 1640s was a bourgeois revolution (Stone 1981); Hill (1981) later conceded that the Revolution was not brought about or intended by the bourgeoisie. Both agree that the Revolution nonetheless resulted in establishing the political supremacy of the bourgeoisie after 1688. See also Clark (1985, 1986) and Hexter (1961).
60. As Max Weber (1927) recognized, it was the centralized bureaucracy, not the rational businessman, that exemplified the industrial age. Rationalized systems of social organization do not revolutionize social structures; they only function as a means to the furtherance of existing structures.

    Throughout the nineteenth century, the nobility in Europe was an expanding, not a declining, class. From 1871–1918, the German emperor created over a thousand new nobles. The English peerage increased by the creation of 200 new peers between 1888 and 1914 (Tipton & Aldritch 1987a: 77). Spain had 118 grandes and 535 other titled nobles in 1787. By 1896 the number had nearly doubled to 207 and 1206 (Herr 1977: 99).
61. The practice of gerrymandering and disproportionate allocation of seats retained, for most of Europe, a clear overrepresentation of conservative rural voters, throughout the century and the subsequent one.
62. It is often assumed that the repeal of the Corn Laws (1846) marked the end of the power of the landlords in Britain. But the Corn Laws had not been shoring up a declining sector; they were retaining the high profits generated during the Napoleonic War years. Wheat prices did not fall until the onset of the Great Depression in the 1870s (see Hobsbawm 1968: 197).
63. After World War I, the Labour Party was still unable to gain significant strength in rural areas. Labour propagandists were refused halls or

muted by the presence of the local squire in their audience. In 1929 the Labour Party did not carry a single predominantly rural district (Gosnell 1930: 19).

64. Ogg (1930: 174), citing the report of a Land Enquiry Committee, appointed in 1912 to investigate wages, hours, housing, and conditions of land tenure.
65. In France, the small peasant plots were inadequate to the needs of their owners, and their size made it impossible to introduce the kinds of improvements needed to make them more productive. Production continued to be for local rather than national consumption.
66. According to a semi-official Land Enquiry Committee report in 1912; cited in Ogg (1930: 174).
67. See, for a discussion of these elements in European development, Halperin (1997: especially Chs. 1,2, 3, 4, and 7).
68. Belgium used its own capital and resources to finance and build railroads at home which, thereafter, made it possible to pursue a 'dynamic export offensive'. In Germany, railroad building 'gave the development process a lasting impetus' (Senghaas 1985: 29).
69. See Hobsbawm (1968: 111–15). This will be discussed further in Chapter 4.
70. This follows the distinction drawn by Caporaso (1978) between 'dependence' and 'dependency,' which distinguishes between the external reliance of well-integrated nation states on one another ('dependence'), and the integration of less-developed and less-homogeneous societies into the global division of labour ('dependency'). Interactions among the former, he argues, have consequences different from interactions among the latter.
71. German landowners feared that the expansion of employment in factories would increase both the danger of socialism and the power of the Polish population. Through their opposition, they were able to hamper industrial development plans in the 1890s and to prevent their revival after 1902. (See, e.g. Tipton 1976: 115–116. See also Richter 1938: 48–52). Much of the politics of the time was dominated by fear of industrialization; but most explanations treat this as an aberration to the general trend towards modernization and industrialization.
72. The state played an active role in the industrial development of Britain, France, Belgium, Scandinavia, Germany, Italy, Eastern Europe, and Russia. See Berend and Ránki (1976: Ch. 4), Gerschenkron (1962: 119–152), Henderson (1958), Jörberg (1973), Mathias (1983: Chs. 3–5), Mori (1979), Pounds (1959), Price (1981: 159–168), and Supple (1973).
73. This table is based on Halperin (2004, Ch. 3).
74. For a complete list of elements comprising 'dependent development' and a discussion of each, see Halperin (1997, Ch. 5).
75. This was true of wheat production, for example, which comprised half of Britain's grain output in 1870 (Mathias 1983: 316).

76. Locally, state-controlled systems of paramilitary and police forces, and concentrations of regular troops on permanent garrison duty in working-class areas of industrial towns; elsewhere, the opening up and control of territories for exploitation by armed aggression.
77. Rubinstein 1983: 17; in Cain and Hopkins 1993: 37. The European 'Age of Reform' was an age of 'pragmatic conservatism rather than liberalism'. Chris Bayley argues that Britain's great Reform Act of 1832 'did little to challenge aristocratic domination of politics, indeed it may have been designed to perpetuate it' (1989: 236).

4 City States and Nationalism

1. Commercial and landed classes merged in the Italian city states; in the Netherlands, where a commercial and industrial bourgeoisie ran the cities and the Dutch nobility maintained power in the rural provinces; England was characterized by a synthesis between the merchants of London and landowners (Tilly 1994: 12).
2. Jane Jacobs argued that cities are the means by which economies expand and diversify. They grow by trading, not with a rural hinterland, but with other cities (Jacobs 1969: 35), and by myriad borrowings (with necessary improvisations) of what has been successful in other cities (1969).
3. The term 'national market' denotes 'the economic coherence achieved within a given political unit'. The unit, here, corresponds to the 'territorial state', which might also be called the 'nation state' (Braudel 1984: 277). Tilly has argued that, after 1700, the 'national' state became the dominant form of rule in Europe: a state that controlled a well-defined continuous territory, was relatively centralized and differentiated from other organizations, and sought to monopolize the means of coercion (Tilly 1994: 4–5). Braudel distinguishes the *Stadtwirtschaft*, the city-based economy such as existed in medieval Italian and German city states and in Amsterdam, from the *Territorialwirtschaft*, based on an integrated 'national market', as developed in England. He maintains that in the eighteenth century England became a compact and densely woven national market within the British Isles as a whole (Braudel 1982: Vol. III, 368).
4. The Bombay to Thana line was constructed in 1853 to link the cotton fields of the Deccan to the port of Bombay. Other lines were built to link the coalfields of the northeast to Calcutta. The construction of the East Indian railway brought the coalfields of Bengal and Bihar to life, and led to the establishment of engineering works at railway junctions and of modern ironworks at Barakar (Bengal) (Hubbard 1935: 242).
5. In the Malayan peninsula, railroads were built in the 1880s and 1890s to connect the major tin-mining towns on the west coast to ports; and later to transport latex from rubber plantations to the ports. In Java, lines

linked the port of Samarang to the main area of sugar plantations; in Batavia to tea and coffee and sugar plantations; in Sumatra, to facilitate the export of tobacco and coal; in South Africa to bring diamonds from Kimberley and gold from Johannesburg to the ports.

6. Military considerations after 1857 motivated the network that linked Madras, Bombay, Calcutta, Delhi, and Lahore. In French Indo-China a line was built, for political considerations, from Saigon through the most densely populated part of the country in the south. The conquest of Tonkin required building, for military purposes, another line in the North.
7. Port facilities and roads took up another 5 per cent; 23 per cent went to other kinds of public utilities and public works; 12 per cent went to mining and extractive industries. About 15 per cent went into 'miscellaneous outlets, of which plantations must have been important'. The remaining 4 per cent 'was channelled into manufacturing (Latham 1978: 54–55).
8. Hobsbawm argues that, in fact, 'many of the railways constructed were and remained quite irrational by any transport criterion, and consequently never paid more than the most modest profits, if they paid any at all. This was perfectly evident at the time . . .'. What was also evident is that investors were looking 'for any investment likely to yield more than the 3.4 per cent of public stocks.' Railway returns eventually settled down at an average of about 4 per cent (Hobsbawm 1968: 111, see also pp. 113–115).
9. Each Italian city subjugated its own *contado*, a dependent territory or peripheral hinterland that then became an integral part of the city state (Tilly 1994: 18). These *contados* were subject territories and under the authority of the city that provided taxes, recruits for the army, and food supplies, as well as a buffer for the defence of the city.
10. The first city states were in Sumer (fourth millennium BCE).
11. These were called *negeri*, a Sanskrit word meaning 'city' but which in modern Malay has come to mean 'state' (Reid 2000).
12. Antwerp became the main port for the trans-shipment of gold and silver from the New World. It became a great money market and financial centre, and played a central role in the economy of the Spanish Empire. However, it did not become a city state. At the end of the sixteenth century, its fortunes declined with those of Spain and, by the early years of the seventeenth century, Amsterdam had emerged to take its place.
13. The 'Marxist' view of nationalism was systematized not by Marx and Engels, but by their successors. The classic Marxist work on the subject is Bauer (1907). Lenin provided the basic formulation:

    Throughout the world, the period of the final victory of capitalism over feudalism was linked up with national movements. The economic basis of these movements is that in order to achieve complete victory for commodity production the bourgeoisie must capture the home market, must have politically united territories with a population speaking the same language (Lenin, n.d.: Vol. IV, 250).

14. In the Netherlands, a commercial and industrial bourgeoisie ran the cities, while the Dutch nobility maintained power in the rural provinces. While 'the source of political power was officially located in the province, the economic and demographic power that underlay it was that of the city' (Parker 2004: 179). The rich merchants of Amsterdam dominated the province of Holland, which supplied up to 60 per cent of the revenues of the federal treasury. So, in effect, the merchants of Amsterdam controlled the state itself (Parker 2004: 177).
15. In 1968, these areas still ranked generally lowest among British regions in employment, housing, education, health, environment, and personal income (Hammond 1968).
16. In fact, the Piedmontese traveller who went to Florence, Rome, or Venice, used to say that he was going to Italy (Graf 1911: 5–6). Though some Italian provinces had allied with Piedmont as a means of gaining autonomy from other overlords (e.g., Sicily from Naples), they were annexed by Piedmont against their will (D. M. Smith 1971: 33).
17. The north, Gramsci wrote, was an 'octopus' which enriched itself at the expense of the South, 'its economic increment in direct proportion to the impoverishment of the economy and the agriculture of the South' (1971: 71).
18. This was a widespread current of thought. Alfredo Niceforo writes:

    Within the single womb of a political Italy two societies exist, wholly different in their level of civilization, in their social life, in their moral colour: northern Italy on the one hand, and southern Italy on the other; in a word, two Italies, *quite distinct. While one of these two Italies, that of the north, can be seen to possess the physiognomy of a more diffuse, fresher, more modern civilization, the other Italy, that of the south, possesses a moral and social structure which recalls primitive, perhaps even barbarian times, with a social structure typical of inferior civilizations . . .*'. (Niceforo 1890: 296–299).

19. The original meaning of 'imperialism' referred to the personal sovereignty of a powerful ruler over numerous territories, either in Europe or overseas. See Koebner and Schmidt (1965).
20. Numerous scholars have underlined the similarity between processes of nation-building and the colonial situation, including Fernand Braudel (1984: 42, 328–352), Maurice Dobb (1963: 194, 206–207, 209), Antonio Gramsci (1957: 430), Alvin Gouldner (1977–1978), Michael

Hechter (1975: 30–33), Oscar Jásci (1929: 185–212), and Eugen Weber (1975: 490–493).

21. As Eric Hobsbawm (1990) has recounted Liberal discourse regarding nation states in Europe during the nineteenth century focused on optimum size and economic viability, rather than any cultural criterion.
22. The annexation by Germany of French Alsace-Lorraine in 1871 against the will of the population, was justified by Heinrich Treitschke, as follows:

    We Germans . . . know better than these unfortunates themselves what is good for the people of Alsace, who have remained under the misleading influence of the French connection outside the sympathies of new Germany. We shall restore them to their true selves against their will (quoted in Macartney 1934: 100).

23. The classical work on the Pan-German League is Wertheimer (1924).
24. From *Russia and Europe* (1871) a collection of Danilevsky's articles (cited in Kohn 1946: 200). Similar plans were proposed by Rostislav Fedeeyev in his *Opinion on the Eastern Question* (1871).
25. Although, as he notes, Venetians did not invent it.
26. Goody (1996: 113), quoting Robert Clive, who established the East India Company's military and political supremacy in Bengal.
27. Tan Tai-Yong is here describing Singapore and Calcutta, but the description applies to port cities everywhere.
28. Cities that were not economically important were often designated or created as capital cities to reinforce the national project, as distinct from the trans-local economy. Examples include the Hague (rather than Amsterdam), Washington DC (rather than New York) and, after World War II, Bonn (rather than Berlin).
29. The French nobility, for instance, considered itself to be a separate nation, one tied to an international aristocracy rather than to the French classes below them. The Comte de Boulainvilliers, a French nobleman, argued at the beginning of the eighteenth century that France was divided into 'two races that have at bottom nothing in common. They speak a common language, but they have neither common rights nor a common origin' (*Histoire de l'Ancien Gouvernement de la France*, 1727, Tome I, p. 33; quoted in Arendt (1958: 162).
30. As Gramsci emphasized, in Italy, rural magnates and pettybourgeoisie maintained a hold over the peasantry, and were able 'to mobilise peasants in the service of reactionary and conservative causes' (Arnold 1984: 159). Consequently revolutionary movements originating in the cities were in danger of being crushed by peasant soldiers, as they were in Turin in 1917 by peasant soldiers from Sardinia (Arnold 1984: 157).

31. Nationalism, as Eric Hobsbawm has shown, is a dual phenomenon. From above, it can be seen as part of a defence of protection and privilege, a quest to control 'free' labour, and (as shall be discussed in Chapter 6) to improve the terms on which 'national' capitals are integrated into the world circuit of capital. A significant aspect of nationalist historiography and doctrines has to do with the expansion of citizenship rights to larger parts of the population – however, these rights remained elusive in 'the west' until after World War II, and continue to remain so in nation states around the world. From below, nationalism can be seen as part of a 'revolt to escape proletarianization', a quest for social justice and rights of citizenship. Disadvantaged groups joined nationalist movements in order to acquire democratic rights, as Hobsbawm (1990) has argued.

5 The Imperial 'Historic Bloc' of the Nineteenth Century

1. See Gramsci (1971: 366, 377); and, for a discussion, Sassoon (1987: 119–126). The understanding of imperialism as a monopolistic system of capital accumulation builds on conceptions developed by Lenin (1939) and Max Weber. For Weber, imperialism was a monopolistic system of control pursued by groups who 'sought monopoly profits instead of being content to manufacture and exchange goods in a formally free market'. This, for Weber, was a 'predatory' form of capitalism 'that was as old as capitalism itself' (in Mommsen 1980: 20).
2. See, also, Bayly (1989), Bin Wong (1997), Chaudhuri (1990), Frank (1998), Goldstone (1991), Lieberman (1993a, 1999), Pomerantz (2000), and Wink (1990).
3. For an explanation of why China came to a prefer silver as a means of valuation and exchange, see Geiss (1979).
4. For China, see Cartier (1981) and Wilkinson (1980); for Japan, see Innes (1980); for Turkey, see Sahillioglu (1983); and for Russia, see Blum (1956). See also Adshead (1973), Atwell (1986, 1990), Goldstone (1988), Lieberman (1993b), Reid (1990), Richards (1990: 625), Steensgard (1990), and De Vries (1976).
5. Napoleon envisioned transforming the Kingdom of Italy (Northern Italy) entirely into an economic dependency and a supplier of cotton for France's textile industry (Heckscher 1964: 297). Naples, in the words of the French envoy there, was to be 'France's richest colony' (in Heckscher 1964: 277).
6. 'This increase in total output was not '"merely" extensive growth, driven by increases in population and territory'. There was substantial productivity-raising innovation and restructuring of the economy' (Goldstone 2002: 349–350).
7. During the sixteenth and seventeenth centuries, more and more of the land and resources in settled countries had become private property. The pace of enclosures in northwest Europe had accelerated, and 'certain

types of private property had grown in importance' in Asia and Africa (Bayly 1989: 190).

8. Sumptuary laws, official documents, records of elite complaints, and public pronouncements about excessive popular consumption attest to the ubiquity of this concern throughout the world.
9. In the United States there were no pre-existing hierarchies, but they increasingly emerged in the south, and later on in the north during the so-called 'gilded age'.
10. This is borrowed from Gramsci, who observes that, within this military class there is a shared culture of aspiration and assimilation, in which the lower strata 'typically display the most enthusiastic *esprit de corps*, and manifest the greatest conceit' (Gramsci 1971: 13).
11. William Thompson summarizes the 'thesis' as follows. In the sixteenth century, western Europeans revolutionized the way they conducted their warfare. This included gunpowder-based weapons, large standing armies, and sailing ships 'with the increasing ability to fire on opponents at some distance' and which 'enabled them to control strategic sea lanes' (W. Thompson 1999: 146). This enabled them to resist Ottoman expansion in the sixteenth and seventeenth centuries, and to extend their control over the Americas, Siberia, most of Indonesia, much of India, and parts of coastal Africa (W. Thompson 1999: 146–147).
12. Chanda 2007: 231. 'In 1563, Portuguese colonizers brought smallpox to Brazil, where it wiped out entire indigenous peoples'. In the territory of the modern United States, an indigenous population of some two million was reduced to 750,000 by 1700. By 1820, they numbered about 325,000 (Chanda 2007: 232).
13. For a discussion of the word 'collaboration', see Atmore (1984), Bose & Jalal (1998), Marshal (1979), Osterhammel (1997), R. Robinson (1972, 1978, 1984, 1986), and Warbury (1981).
14. After the Ottomans captured the Syrian coast in 1517, they allowed French merchants to continue to operate in that area under a system known in Europe as 'capitulations'. These later provided commercial and judicial privileges to all Europeans in the Empire. They regularized customs duties on European manufactured goods and allowed European merchants to purchase goods anywhere in the Empire. They had detrimental effects on centres of local production, but they benefited local merchants in port cities like Beirut (Fawaz 1983: 73–74).

The Kongolese paid for European goods with slaves: those taken in wars beyond their borders, those condemned to slavery after committing crimes, and those procured by 'extorting gifts of slaves from the rich and noble' (Wills 2001: 33). The capture and trade of slaves provided a principal source of economic surplus for numerous state structures that evolved in western and eastern Africa as, for instance, in Dahomey where, during the eighteenth and nineteenth centuries, the state 'seemed to be entirely dependent upon slave trade, war, and enslavement' (Jewsiewicki 1989: 23).