Part I
1 Themes and theories

In 1800, nine out of ten Europeans lived in small towns and villages, where most engaged, as their ancestors had since Neolithic times, in farming. The landed aristocracy remained the dominant social and political class, rarely involved directly in production yet nevertheless receiving much of the economic surplus. Artisans who worked in their homes or small shops using hand-powered tools made most manufactured goods. Modest levels of productivity, along with poorly developed commercial institutions, communications, and transport, hobbled the operation of markets and kept living standards low for the majority of the populace. These circumstances have prompted many historians to label the economy of Europe in the several centuries preceding the Industrial Revolution “traditional” or “pre-industrial,” thereby emphasizing both its continuities with the medieval past and the profound rupture represented by subsequent factory-based mechanization.

Significant changes also marked the European economy between the mid-fifteenth and late eighteenth centuries, however. Innovative crops and practices boosted agricultural output, while many farmers held land by novel forms of tenure. Industry spread into new areas, particularly in the countryside, where countless villagers spun thread, wove cloth, or drew nails in addition to raising crops and tending animals. Many of these rural producers, as well as numerous urban artisans, were dependent wage-earners, their goods sold in distant markets by entrepreneurs who adopted new techniques for doing business more efficiently and profitably. By the end of the period, mechanized factories were springing up, most thickly in England, but also in many areas of the Continent. City folk had adopted novel consumption goods and patterns, and their country cousins were following suit. The number of Europeans had at least doubled from 60 to 120 million; in Britain and Scandinavia, population increased more than three times. Urbanization – measured as the proportion of population living in towns of more than 10,000 residents – followed a similar course. It rose from just over 5 percent around 1500 to 10 percent in 1800, and even more in northwestern Europe: from 3
percent to 20 percent in England and Wales, from 15 percent to nearly 30 percent in the Netherlands. Historians pointing to these developments often define the economy as “early industrial” or “proto-industrial,” playing down the novelty and abruptness of mechanization by linking it to a long period of cumulative, slow change.

Each of these characterizations, as we shall see, identifies important attributes of the economies of the time: continuities as well as disjunctions must figure prominently in any economic history of Europe’s “early modern” period (roughly 1450–1800). Particularly in comparison with succeeding decades, the economic life of the era was not marked by rapid change. Numerous long-established structures and practices visibly persisted. Behind, beside, and even within them, however, Europe experienced both growth and development as a series of far-reaching changes permanently modified its economies. Agricultural and industrial output increased and became more varied, so Europeans could buy not only new foodstuffs and manufactures but also a greater quantity of goods to which they had long been accustomed. Peasant agriculture still predominated, yet commercial farming was altering the face of the countryside. Despite the endurance of regulated artisan handicrafts, the roots of industrialization were sinking deep, and throughout Europe there emerged full-fledged industrial regions boasting large enterprises that employed hundreds if not thousands of workers, most of them rural folk, among whom women and children bulked large. The pace of demographic advance and urbanization was slow and erratic by later standards, but a new network of cities that could promote economic growth was being constructed. As merchants created a polycentric commercial system and new ships and techniques significantly reduced costs, international trade routes both spread broadly across the globe and bound the regions of Europe more closely together. Europe’s economic center of gravity, since antiquity located in the Mediterranean, shifted to the North Atlantic. Most of all, European agriculture and manufacturing underwent an epochal transformation, as capitalism reorganized production in country and town alike.

Definitions of capitalism are legion, contentious, and give rise to disparate and often incompatible explanations of economic history. Some scholars take an expansive view, beginning their story in classical antiquity and encompassing all manifestations of profit-seeking trade, investment, and production. Others focus much more narrowly, whether by equating capitalism with a single quality – such as competition, markets, the predominance of money in exchange – or by identifying this form of economic structure with modern factory industrialization as originally exemplified by England during the Industrial Revolution.
Thematic and theoretical frameworks

The definition used in this book regards capitalism as a specific way of organizing the production of material wealth. In a capitalist economy, individuals and groups who possess capital assets — in the form of money, credit, land, productive equipment, and stocks of raw materials — use these resources to hire laborers for wages and set them to work turning out agricultural and industrial goods (commodities) for sale in the market, where profits are realized. Competition among capitalists induces and rewards innovation to cut costs and raise productivity. Commodity, financial, land, and labor markets, long-distance trade, and rational profit-seeking assume increasing importance in a capitalist economy. But what sets it apart from other economic systems are the relations obtaining between entrepreneurs — who may come from any class and occupation — and workers, who may till the land, tend vines or trees, or herd animals, as well as toil in a factory, in a garret, or on a construction site. These relations of production are manifested in the arrangements by which craft, industrial, and agricultural workers are employed and paid, as well as in those by which tenants hold farms.

Historically, the rise of this new economic system was a complex and pervasive process, eventually involving nearly every facet of economic life throughout Europe. It was also protracted, stretching across the entire early modern period. In fact, although this era saw capitalism achieve dominance in Europe, the transformation had begun in the Middle Ages, and it continued well after 1800. The development of capitalism entailed a revolution in economic relations, institutions, and attitudes; on occasion involved violence on the part of proponents and opponents alike; and gave birth to new social classes. None of this occurred quickly or abruptly, however. The novel form of production grew up within the old, gradually supplanting rather than suddenly and dramatically overthrowing it. Hence its date of birth and critical moments of maturation are, as we shall see, difficult to specify, though its attainment of mastery cannot be gainsaid.

Nor, finally, was the advance of capitalism steady or uniform. On the contrary, it was a decidedly uneven procedure. Taking place in an environment marked by fluctuating economic trends, it suffered disruptions, crises, even reversals, and was continuously challenged by established forms of economic organization. Not surprisingly, then, the process unfolded in disparate fashion across nations, regions, and sectors of the economy; even within the same industry or farming district capitalist and non-capitalist methods might be found cheek by jowl. Hence in exploring the emergence and eventual hegemony of capitalism, it is necessary to trace a variety of transitions across time and space.

These properties of the transitions to capitalism and the contexts in
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which they occurred have suggested the scope, subject matter, and shape of this book. It begins (Part I) by depicting agriculture and craft production in the mid-fifteenth century. Besides providing a benchmark against which subsequent change can be measured, the anatomy of the European economy at the close of the Middle Ages reveals both pronounced common features and striking diversity. A snapshot taken in about 1450 also identifies constraints and opportunities that powerfully molded developments during the following three centuries of fluctuating growth and transformation.

That process unfolded across the two periods examined in Parts II and III. The first, which scholars often label “the long sixteenth century” (1450/70–1620/50), was a time of mainly quantitative growth, although structural reorganization began in a few parts of Europe. These changes accelerated during the second period (1620/50–1780/1800), a time of initial crisis and subsequent growth. Capitalist relations penetrated deeply but unevenly into both agricultural and industrial production, thereby setting the stage for factory industrialization while consolidating regional economic disparities. The effects of these transformations on Europe’s working people are explored in Part IV, which concludes with a brief look back at the era of transitions and ahead to the gradually emerging factory order.

In order to reveal both general patterns of economic restructuring and the manifold shapes and tempos that they took in specific settings, this book is geographically, organizationally, and socially broad as well as chronologically expansive. It ranges from the feudal estates of Poland to the teeming cloth districts of England, from Mediterranean latifundia to minuscule market gardens in Flanders, from Dutch industrial zones to New World slave plantations. Capitalism first prevailed in lands around the North Sea, but it had repercussions across the Continent — and indeed beyond. In addition to the common features among these disparate places and institutions, we will also explore the manifold different ways in which crops were cultivated, animals bred, and goods manufactured. Some of these arrangements proved transitional to capitalism; others impeded its appearance. Each implied a characteristic set of social relations, so we shall encounter not only wage-earners and entrepreneurs but journeymen and masters, serfs and lords, day-laborers and tenant farmers. All were engaged at once in weaving cloth, printing books, growing grain, or herding sheep, and — though rarely by design — in promoting, modifying, or obstructing fresh ways of organizing production.

Explanations of the rise of the new economic system date back to the eighteenth century, when its outlines were starting to become clear. Two of the original interpretations deserve attention by virtue of their consider-
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able influence on later scholarship. In his epochal *Inquiry into the Nature and Causes of the Wealth of Nations*, published in 1776, Adam Smith (1723–90) emphasized the interdependent processes of market expansion and widening divisions of labor. Because, Smith held, humans have an innate “propensity to truck, barter, and exchange” in order to obtain most of the goods and services they require,¹ they engage in exchange, and in order to trade most advantageously they specialize in tasks in which they excel. When generalized throughout society, the resulting divisions of labor enhance skills, stimulate innovation, and raise productivity, unleashing continuous growth and development. In Smith’s reading of history, such economic dynamism had sprung from unimpeded exchange among individuals, groups, and eventually nations. He knew, of course, that public authorities and private bodies had repeatedly attempted to shape the economy through regulations, monopolies, tariffs, and the like, but the inevitable consequence, in his eyes, had been to divert land, labor, and capital from their most productive uses, thereby frustrating improvement. Thus to promote the true wealth of nations—the full development of agriculture, industry, and commerce—individual initiative, competition, and free trade had to be allowed to flourish: this was both the achievement and the substance of the new order.

Smith and his fellow “political economists” traced the advance of capitalism to the onset of conditions that liberated purportedly inherent human qualities and to the beneficent operation, in market transactions, of an “invisible hand” that brought the common good out of the conflicting self-interest or “self-love” of all individuals.² To Karl Marx (1818–83), capitalism was powerful and dynamic, a superior form of production that promoted economic growth far above anything possible in the agrarian feudalism that had preceded it. However, he attributed its appearance not to the release of natural, unchanging human predispositions but to specific economic, political, and legal measures that by creating new relations among those involved in production reconfigured their attitudes and behavior. To Marx, capitalism is not a system of free exchange among equal participants all of whom realize equivalent benefits once emancipated from artificially imposed fetters. On the contrary, it is an order of structured inequality between wage-earners (“proletarians”) who lack productive property and capitalists who control such resources. In order to earn subsistence, workers do not specialize and enter a market based on the division of labor. Instead, they sell their only property, their labor—or, more precisely, the productive power embodied in it—to

1. As an example of the division of labor, Adam Smith cited the eighteen operations involved in pinmaking. He was probably thinking explicitly of the description in Denis Diderot’s Encyclopedia, in which these plates originally appeared.
entrepreneurs. It is these capitalists who organize production and exchange the resulting goods in the market, earning a profit by extracting greater value (in Marxist terminology, “surplus value”) from the labor they buy than they pay out in wages. New and more productive divisions of labor and specializations were an outcome rather than a cause of the emergent system.

The genesis of capitalism lay in the process that Marx called “original” or “primitive accumulation.” At once destructive and creative, original accumulation was an economic, social, political, and cultural phenomenon that involved both town and country, industry and agriculture, expropriation and concentration. For capitalism to arise, Marx argued, capital—both in the form of assets like land and equipment, and in the form of specie and credit—had to be amassed by individuals who invested it productively rather than consuming it. This step was carried out by landlords and big tenant farmers who dispossessed impoverished aristocrats and peasants of their holdings, by merchants who crushed artisanal guilds, and by merchants and adventurers who operated the lucrative slave trade, exploited or outright looted colonies, and practiced usury. They were assisted by government laws, monopolies, taxes, and debt; far from the state being a brake on or enemy of capitalism, Marx held, it was one of its principal progenitors and servants. The efforts of these diverse groups often resulted in intermediate forms of production such as industry based in rural households and large, unmechanized but increasingly capital-intensive workshops; they also took a long time to come to fruition. Still, by the later eighteenth century original accumulation had given birth to the capitalist mode of production.

To help interpret the rich and varied information that scholars have assembled about the early modern economy, the chapters that follow will draw repeatedly though critically upon Smith and Marx and upon the debates that they have provoked. We shall also make use of several other perspectives that are currently shaping historians’ understanding of European economic history in the centuries before mechanized factories: those focused on the world-system, on class structure, on proto-industry, on consumption, on women’s work, and on work experience. All borrow from—and contribute to—disciplines beyond economic history, including developmental economics, cultural anthropology, and feminist theory. And while each is incomplete, taken together they both cast new light on neglected aspects of the early modern economy and encourage reconsideration of subjects long in the foreground.

The “world-system” approach is represented most prominently by the work of Immanuel Wallerstein. This interpretation springs in part from Marx’s postulate that capital derived from commercial exploitation of
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colonial possessions was both the prime solvent of Europe’s feudal order and a source of its capitalist successor. It also amplifies Smith’s argument that the growth of trade furthers the division of labor, combining this with recent theories that capitalist economic development in favored areas necessarily bred underdevelopment elsewhere. According to Wallerstein, the rise of capitalism in western Europe (the “core” of a new world economy) was achieved by the exploitation of other regions, notably eastern Europe and the colonized New World (the “periphery”). Together with an intermediate “semi-periphery,” these regions constituted a global division of labor characterized by a unified market but sharply differentiated forms of labor: free in the core, coerced in the periphery. In this asymmetrical economic system, inherently unequal trade, backed up by similarly unbalanced power relations, transferred the surplus generated in the periphery to the core where it built sustained capitalist development.

Drawing on Marx’s insistence on the importance of peasant dispossession, the work of Robert Brenner locates the principal dynamic for early modern economic change in class structure (and attendant class struggle) in the countryside. Brenner focuses on social relations among nobles and peasants that were founded on unequal property ownership and expressed in peaceful and violent interactions mediated, in a variety of fashions, by state institutions and policies. The different outcomes of this interplay, he maintains, accounted on the one hand for divergent patterns and levels of growth both within the western European core and between western and eastern Europe, and on the other for the eventual advent (or frustration) of capitalism. In contrast to world-system theory, which considers capitalism global in origin as well as in consequences, Brenner’s analysis situates its mainsprings within Europe.

Scholarship on proto-industrialization, which has both Smithian and Marxist roots, emphasizes interconnections among widening markets, rural populations seeking wage-earning employment, and entrepreneurs’ search for cheap labor. Highlighting rural, household, and regional changes, studies of what one team of historians has dubbed “industrialization before industrialization” argue that Europe’s capitalist development sank deep roots in the countryside, involved all members of peasant families in production of marketed goods, and both relied upon and enhanced interrelated regional economies with distinctive specializations. By insisting that organizational restructuring had to precede technological innovation on a broad scale, such explanations also underline that the rise of capitalism must be understood as a process rather than an event.

Inquiries into consumption reintroduce a surprisingly disregarded aspect of economic activity. According to these accounts, capitalist