Contents

List of boxes page x
List of figures xi
List of maps xiii
List of tables xiv
Preface xvii

Introduction 1
Content and comparative method: pan-European interconnections, major regional differences 2
Interrelated Europe: four distinctive paths towards modern economic transformation 6
Debates and differences 9
The time-span 14
What kind of economic history? 15

Part I Gradual revolution

1 From merchant to industrial capitalism in Northwestern Europe 25
The global environment: Europe, the Islamic world, and China 25
Northwestern merchant capitalism and colonialism 27
New science and values 44
Demography, agriculture, and industry 54
The Industrial Revolution 63
Conclusion 77

Part II Successful industrial transformation of the West

2 Knowledge and the entrepreneurial state 89
The spread of the new Zeitgeist 89
# Table of Contents

Science into education 102  
The entrepreneurial state, promoter of trade and industry 105  

3 **Agriculture, transportation, and communication** 119  
The agricultural revolution 119  
The role of agriculture in modern economic transformation 128  
Transportation: canals and roads 130  
Railroads 136  
Communication and postal service 143  

4 **The organization of business and finance** 152  
Three consecutive banking revolutions 152  
The insurance industry 163  
Business organization, joint-stock companies, and the stock exchange 163  

5 **Three versions of successful industrialization** 181  
Long-surviving proto-industry 181  
Fully industrialized Britain 188  
British decline after 1870? 190  
In the footsteps of Britain 196  
Specialized agriculture combined with food processing 207  
The second Industrial Revolution 214  

6 **The miracle of knowledge and the state: Scandinavia** 239  
The economic situation in the periphery: Scandinavia until 1870 239  
Modern society without a developed economy 240  
Rapid modernization and industrialization 244  

7 **Demographic revolution, transformation of life, and standard of living** 260  
Demographic revolution 260  
The causes of the population explosion 264  
Changing family functions and female labor 269  
Urbanization 271  
The standard of living and the diet revolution 272  

8 **The Europeanization of Europe** 284  
Colonial Western Europe in the globalizing world 284  
The European idea and national integration 288  
Institutionalized economic integration and trade 294  
The West as a source of finance: capital flow into Europe 303  
Did a European business cycle exist? 305
## CONTENTS

### Part III  The peripheries: semi-success or failure of modern transformation

9  The “sleeping” peripheries, traditional institutions, and values  
   Time stands still  
   The demonstration effect: the West as model  
   Population explosion and emigration 317

10  The Western sparks that ignite modernization  
    Capital inflow to the peripheries  
    The rise of strong, modern banking systems  
    Building the modern transportation systems  
    Road and water transportation  
    Backward countries with developed railroads 354

11  Advantage from dependence: Central Europe, the Baltic area, Finland, and Ireland  
    Imperial markets and agricultural modernization  
    The beginning of industrialization 377

12  Profiting from foreign interests: the Mediterranean and Russia  
    Foreign interest and agriculture  
    Growth of the traditional grain economy in Russia  
    The impact of the grain crisis from the 1870s  
    Advanced industrial pockets and predominant proto-industry 401

13  The predator Leviathan in peasant societies: the Balkans and the borderlands of Austria-Hungary  
    Pre-modern agriculture – return to a grain economy  
    Lack of industrialization  
    Corruption and reluctant foreign investors 438

14  Epilogue: economic disparity and alternative postwar economic regimes  
    References 462

Index 512