CHAPTER ONE

Perspectives on the Origins of Merchant Capitalism in Europe

THERE ARE essentially four major theoretical perspectives on the origins of capitalism in medieval Western Europe. This chapter critically examines the main arguments elaborated in those perspectives and attempts to rethink the history of socioeconomic and political processes. The four major theoretical perspectives dealt with in this chapter are, respectively: orthodox Marxism, a form of neo-Marxism that I call "Brennerism," the modernization theory, and last, world-systems analysis. Each of these perspectives, widely used in every social science discipline in order to explain modernity, has its own specific problems in dealing with the emergence of merchant capitalism.

Orthodox Marxism

Orthodox Marxism has often been used as a theoretical perspective to analyze the emergence of capitalism, yet this approach entails several problems. First, it imposes a deterministic, "stagist" evolution on historical processes (e.g., after a bourgeois revolution, an era of capitalism dawns, only to end in an Aufhebung). Second, it uses a socioeconomic infrastructure, which then determines a superstructure. Third is its usage of Eurocentric terminology (e.g., "Asian Mode of Production") that leads to frozen histories (Coquery-Vidrovitch 1981). Fourth is its framing of exploitation as a rigid, dichotomous class struggle between proletarians and capitalists within a particular unit of analysis—in most instances, the nation-state (Takahashi 1976:74).[1] And last but not least is orthodox Marxism's relegation of the market to a secondary position outside the sphere of production, while assigning "analytical priority" to the means of production (Tomich 1993:223; Rigby 2004:499).

The orthodox Marxist tradition of constructing an economic view of modernity usually dates capitalism and modern society to the 18th century, with the Industrial Revolution as its forerunner (Baradat 1988:137–161). It is only at this time that Marxists consider a *real* transition as having taken place (cf. Banaji 2007). Although Marx once acknowledged that "we come across the first sporadic traces of capitalist production as early as the fourteenth or fifteenth centuries in certain towns of the Mediterranean" (1977:876), most Marxists have dismissed the 16th century as well as the Middle Ages, with the latter considered as "une économie foncièrement naturelle" (Mandel 1962:124).[2] At most then, Marxists trace the early roots of capitalism to England in the 1640s (Cantor 1973:294), using the concept of *class* to analyze struggles that revolve around socioeconomic disparities prior to the industrial era (Godelier 1993).

Brennerism (or the Brenner Approach)

In the 1970s, a Neo-Marxian variant—"Brennerism"—came onto the scene. Unlike traditional orthodox Marxism, Brennerism is strongly preoccupied with the Middle Ages. But like its predecessor, Brennerism has its problems. Encapsulated in the Marxist tradition, it tends to focus predominantly on the mode of production and the class struggle between the *exploited* (the peasants) and

1. "Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word; oppressor and oppressed, stood in constant opposition to one another" ("The Communist Manifesto" in Edwards et al. 1972:67), as if there were only two "fundamental" classes in history at any one time. It is also assumed that small family production in the countryside was identical to autosubsistence (Bois 1985:190) and could not lead to the development of capitalism. For an in-depth study of the complex transition from feudalism to capitalism in Catalonia, see Astarita (1992).

2. Given his focus on the impact of industrial production and the modern factory system, Marx concluded that the "international division of labor, a division suited to the requirements of the chief center of modern industry" occurred as recently as the modern factory (Harvey 1985:47). The international division of labor is, however, older than the 19th century. It is clear from his lack of interest in the Middle Ages or the early modern period that Marx was not really preoccupied with explaining the *origins* of capitalism; all of his statements about them were nothing more than "contextual observations dependent on his analysis of the capitalist production" during the industrial era (Guérreau 1980:57; see also Bois 1985:189; Dahl 1998:61; Kuchenbuch 1997:48). It was therefore left to 20th-century Marxists to resolve the "transition" issue from a precapitalist to a capitalist mode of production, often depicting the Middle Ages in this process as nothing more than "an archaic ruin of abandoned precapitalist collectivities" (Holsinger and Knapp 2004:469). As Duchesne (2000:168) points out, this was a major theoretical conundrum for the Marxist perspective: "If modes of production continually reproduce their own conditions of existence, how is any sort of transition ever conceivable?"

the *exploiters* (the nobility) within a given territorial unit (the nation-state) (Brenner 1977).[3] This focus on class struggle and mode of production minimizes the impact of the circulation of trade. It also overemphasizes production, specifically agrarian, at the expense of urban-centered production. Another problem with this approach is its consideration of the nobility as nothing more than a class oriented to "surplus extraction by extra-economic compulsion," indulging in so-called "non-productive consumption" (Brenner 1985:232).[4] Brenner explains the economic success of the English nobility, in comparison with the French nobility, as the major difference between a class *in* itself (France) and a class *for* itself (England) (Byres 1996:67); the latter is described as having had "extraordinary intra-class cohesiveness" (Brenner 1985:258).[5]

Brenner also follows the Marxist path by juxtaposing "absolutism in France" with "the development of classical capitalist relations on the land in England" (Brenner 1985:275, 284–299). He then constructs his narrative in such a way that it either becomes:

a) a prelude to orthodox Marxism's stagist historical evolution,[6] ending with the "rise of a capitalist aristocracy presiding over an agricultural revolution" (Brenner 1985:299), which in turn brought about "an upward spiral that extended into the industrial revolution" (Brenner 1985:327); or
b) a particular variant of the modernization theory (see infra), explaining why one territorial unit (England), unlike another (France), managed to achieve an economic "take-off."[7]

3. Brenner's thesis is essentially "a base consisting of unfree peasants, the direct producers, and an aristocratic superstructure supported by rents which were extracted from the former. This critical process of extraction was possible because the lords owned the land" (Harvey 1991:16–17). Cf. Lis and Soly (1993:196), who also follow Brenner's framework.

4. Does this statement mean to imply that no investments (through spending) took place within certain urban industries (van Uytven 1996b:438)? Does it also imply that no investments occurred in the countryside either (Lewis 1984:X:513)? The nobility were very active in trade, becoming the direct competitors of the peasants and merchants selling goods on the market (Pal Pách 1994:III). According to Miller: "Desired goods included luxuries as well as basic commodities. Kings and princes, noblemen, town patricians and clergymen were the consumers par excellence of goods . . . their consumption preferences played a basic part in shaping many of the commercial policies of the Middle Ages" (1976:353). See also Abraham-Thisse (1993:27–70).

5. In this respect, Brenner's focus resembles that of Barrington Moore's (1966). On the problematic issue of the extent to which one can already perceive class formations in the Middle Ages, see the arguments of Brenner (1985) and Fossier (1991:415–436) on the one hand, and Murray (1978:14–17) and Raftis (1996:128) on the other. Constable (1996:301–323) takes a careful intermediary position.

6. In a typical Marxist framework, Brenner juxtaposes the general crisis "on most of the continent" with the "critical breakthrough to self-sustaining growth in England" (Brenner 1985:275).

7. "It was the growth of agricultural productivity, rooted in the transformation of agrarian class or property relations, which allowed the English economy to embark upon a path of development

In both cases, capitalism becomes a characteristic of one nation at a specific moment in time.

Another problem with Brennerism is the extent to which Brenner relegates peasants (in his view, the "productive base" of a society) to a servile status.[8] He constructs an ideal type feudal peasant, one who avoids "specialization and dependence on exchange simply to avoid becoming subject to the dictates of the market," engaging in a permanent class struggle with the ideal type noble who simply wants to squeeze more out of the peasant in order to engage in more frivolous "unproductive consumption" (Brenner 1986:31). A consequence of this focus on class struggle is a minimization of the importance of the market.

Certainly, one can claim that some peasants only sold products on the market in order to cover their monetary requirements, which were partially generated by the coercive demands of their lords and/or state officials. In this way, some agricultural producers were "driven to the market" in order to obtain, via the sale of a part of their production, the cash needed to meet their obligations generated by the "extra-economic compulsion" of others (Aymard 1993:292–293; Gutnova 1990:111).[9] But why would feudal structures have inhibited the emergence of markets? According to Bruce Campbell (1995:133), peasant producers generally "intensify production, specialize, and participate in the market exchange when they have to, and feudalism—through the extraction of their surpluses in various forms of feudal rent—obliged them to do precisely this." Peasants actually produced abundant goods both in regional (Derville 1996:123–136) and international markets (Thoen 1988b:277–279). One should also not deny or minimize the significance of peasant agency or resistance in the face of coerced extractions (Hanawalt 1986:23–47; Hilton 1987; Imsen and Vogler 1997). But, as Guérreau noted, to consider the "power relations between lords and peasants as the primum movens of the Middle Ages would be absurd" (1980:108).[10] According to Epstein:

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already closed to its Continental neighbors" (Brenner 1985:323). It was this English "development" that distinguished it from the continent that was suffering from sclerosis (Brenner 1985:275, 299); Brenner describes it as "capitalism", "development" and a "breakthrough in economic growth" in England, versus "crisis, stagnation, absolute monarchy" in France. This is a very unilinear way of thinking about historical evolution (Holton 1985:89). See Torras (1980:262), who also criticizes "the unilinear and strictly endogenous causality" of Brenner's approach.

8. According to Kosminsky, even in late 13th-century "feudal" England, 40 percent of the land occupied by peasants was free land and approximately the same percentage of peasant households were free (Kosminsky in Harvey 1991:18). See also Heers (1992:163–164). The peasantry simply cannot be portrayed as a homogeneous class (Whittle 2000:25).

9. Or as Hilton (1974:218) puts it: "The important thing about the development of money rent was that as soon as the peasant was told to produce his rent in money, he had to produce goods on the market in order to get the money."

10. Ellen Meiskins Wood is nevertheless also convinced this is the case since in her opinion, merchants and manufacturers were not driving the process that propelled the early development

> Primarily market structures determine the character and rate of economic development in a society. By contrast, since property relations are only one (albeit crucial) determinant of market structures, one may not deduce the course of economic development from a (reified) structure of property relations alone ... one cannot infer a peasant smallholder's economic strategies from his ability to subsist on his own land (and his duty to pay rent to a feudal or other landlord); rather, his economic strategies will depend on how his access to markets is structured. (1992:22)

Along with the actual role of peasants, one also must not minimize the importance of demographic changes in Western Europe (Seccombe 1992:136–139) or the powerful dynamic impulses generated by the existence and increasing significance of the market itself. Indeed, between the 11th and late 13th centuries, England's employment in market-dependent occupations grew more rapidly than did the number of self-sufficient farmers. Specialization also occurred within the rural economy.[11] After investigating data available in the Domesday book, the economic historian Snooks estimates that 40 percent of the economy in 11th century England was involved in market activities (the *market* being the sector where "all the major economic decisions in England were made"), and 60 percent in subsistence.[12] These results challenge the

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of capitalism (1999:94). As a "Brenner Marxist," she essentially considers most of the 17th-century world economy as nothing more than commercial networks where "the dominant principle of trade was buying cheap and selling dear" and moreover, the trade "tended to be in luxury goods." Like Brenner, she juxtaposes France with England. According to her, the latter is the most unique site of historical development in the entire world: "There was one major exception England, by the 16th century, was developing in wholly new directions." Because of its unique agricultural conditions, its "internal market" and its "capitalism in one country," this exceptional island was capable of becoming on its own the first capitalist nation-state (1999:72–130). A similar exposé can be found in Comninel (2000), Hilton (1990:203–204), and even earlier in Dobb (1947:18) who—although he admits that some capitalist features were appearing "in the Netherlands and in certain Italian cities" (1947:151) during the Middle Ages—dismisses most pre–17th-century trade in England as "primitive accumulation" (1947:88). Within this framework, a real proletariat with revolutionary potential could not have existed in the preindustrial period because a true revolutionary "consciousness" and "genuine program to overthrow the existing political order" are considered anachronistic for this particular era (Dumolyn and Haemers 2005:387–388).

11. The intensification, specialization and commercialization of the countryside also occurred in Flanders (Thoen 1993) as well as in the Netherlands (Blockmans 1993:49–50). At the same time, "commercialization changed the character of taxation. Geld, the principal tax of the 11th century, had been levied on land. By 1300 the main tax on the laity was assessed on the value of personal movable property, and this ensured that townspeople should be brought within its scope. Not only that, but townspeople usually paid tax at a higher rate than country people" (Britnell 1995:14). For the increase in taxes on personal movable property as the number of knights declined in the early 13th century, see Lachaud (2002).

12. Snooks estimates that in 1086, 32.3 percent of the English market sector was rural and 7.8 percent was urban, thus arriving at a total of 40.1 percent (1995:40). By 1300, the urban population

conventional wisdom that insists on the very limited role of market forces at that time (Snooks 1995:39). After all, Edward I had enhanced the value of customs duties in 1275 "when he initiated the levying of a tax on wool exports. This levy on trade instantly became a principal support of royal finances, more regular than any other source of income; it was the foundation upon which the king established his credit when he wished to borrow money from Italian merchants" (Britnell 1995:14). According to Cazel (1966:104), during the reign of Edward I, the royal revenue from dues of foreign merchants (paid in return for a license to trade with England) grew to nearly equal the entire domanial revenue (Mann 1980:179). Thus, assertions like those that Brenner makes—that individual feudal lords frivolously consumed surpluses either produced from estates managed according to "time-honored custom" or extracted from their tenants by various noneconomic means—have to be seriously questioned (Snooks 1995:47).

Of course, one cannot completely deny that a small minority (the nobility) in a given territorial unit did impose substantial financial extractions on the majority (the peasants) without much reinvestment occurring in the countryside (e.g., Maddicott 1975; Thoen 1988b:636–637). Nor can one say that "surplus extracting by non-economic compulsion" (Brenner 1985:232) did *not* take place.[13] But it is fundamentally important to acknowledge that strong cities dominated their hinterland and exploited the countryside just as well as did the feudal lords (Harvey 1991:19; Nicholas 1971:93; Epstein 1992:124–133; Hilton 1974:212). Cities simply cannot be excluded from the analysis of power relations in the Middle Ages (Cherubini 1990:129–130), something that Brenner fails to comprehend as he equates "all feudal exploiters as lords" (1986:28). Throughout his entire "narrative of socioeconomic change" on the transition from feudalism to capitalism (1985, 1986), Brenner—along with other Marxists like Katz (1989:74–75)—fails to discuss the importance of trade and cities, reducing the latter to mere passive entities (Boone 1996b:162).[14]

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in England had increased to about 20 percent (Britnell 2001:5). All over Western Europe, "as peasants paid out more in cash and less in labor service, their need for monetary income increased. Turning to merchants and town markets to sell their produce, they deepened their dependence on extra-regional trade. Manorial autonomy declined sharply" (Seccombe 1992:140). For the presence of a variety of "alien merchants" in late 13th- and early 14th-century England, see Lloyd (1982, 1991).

13. On a more abstract level, it is important to note that often, "terms of trade unfavorable to peasant producers turn market exchange into yet another channel of exploitation of the peasantry by urban society at large" (Shanin 1973:76).

14. It is "no coincidence that Marxists addressing the problem of the crisis and the transition to capitalism have generally concentrated on the least urbanized areas in medieval Europe" (Epstein 1991b:4) in order to make reality fit their model of productive relations defined through access to land. Even when requested to refine his analysis at a more recent conference on the Low Countries, Brenner (2001) failed to address the dynamics of commercialization and urbanization on the region.

It is, however, the important division of labor between town and countryside and the competition between city-states to access different markets (see infra) that shatters Brenner's overly simplistic narrative of feudalism's grip on economic growth. That many important markets were often located in an urban setting and that many peasants were involved in this activity (whether induced to trade or forced to sell) cannot be denied (Fritze 1985:21–22). Yet, by relegating the market's importance to a secondary position, Brenner and his fellow travelers (e.g., Wood 1999) completely overlook the crucial importance of medieval cities and their urban markets.

The Modernization Theory

The modernization theory[15] is thought to be based on either the emergence of "modern" (i.e., spiritual or religious) values, which are then said to form the basis of the emergence of capitalist accumulation (e.g., Landes 1998:516; Lal 1998; Park 1995; Tawney 1926; Weber 1930; Werner 1988; Stark 2005),[16] or the technological innovations that led Europe on an unavoidable teleological path of dominance over the 'rest of the world' in subsequent centuries (e.g., Ashtor 1992:IV; Gimpel 1976; Jones 1981:45–69; Labal 1962:32–39; White 1962). Either way, this theory too is problematic.

In constructing a developmental/modernization model to explain the steady rise of putting-out systems (in symbiosis with the emergence of capitalism), one must be careful not to reify concepts, as historical misconceptions loom everywhere.[17] A typical misconception inherent to the modernization theory is the tendency of many contemporary scholars (e.g., Farr 1997:24) to dismiss medieval corporations and guilds, as though they were synonymous with socioeconomic stagnation, decline, and archaism (Boone 1994:3–5; Lis and Soly 1997:228; Munro 1994:IX:44). Guilds and corporations all too often become the victims of this historical misinterpretation primarily because their presence is framed in a "period of transition," whereas capitalism—identified as the "real progress" within the modernization theory—is described as having replaced the "decadent" pre-Renaissance medieval structures while "installing modernity" (Boone 1994:4). The classic example of this traditional

15. This theory is sometimes associated with a "commercialization approach" (Persson 1988:64), but given its obsession with situating modernity in the postmedieval era and its prejudices vis-à-vis everything associated with the "Dark Ages", I prefer to label it the "modernization theory."

16. For an elaborate criticism of Landes (1998) and related "cultural" arguments, see the useful discussion in Goody (2004:19–49).

17. For instance, the expansion of the Verlag system in Western Europe (the main commodity chain flowing from the Low Countries through Germany toward Northern Italy) was not universal in time and space, nor was its appearance uniform (Holbach 1993:207–250).

modernization/development point of view comes from the most famous propagator of modern economics, Adam Smith:

> One objective of the craft guilds was to exclude competition. A craft guild was an association in a given town of the masters of a trade who combined to control prices, wages, and the standards and conditions of sales of their products, and to monopolize their manufacture. (1976:69, 139)

Ever since, the guilds have been depicted as conservative medieval remnants and "socially inefficient cartels" (Hickson and Thompson 1991:127), obstructing the "route to progress" with their regulations and prohibitions (which, according to the modernization theory, are detrimental to the increasing wealth of nations within a "free" market) (Stabel 2004:188).[18] Contributing to this misconception is the fact that from the late 15th century onward, the guilds were the losing forces against the ongoing processes of centralization. Finally, the 19th- to 20th-century liberal industrial nation-state was always significantly more interested in illustrating its own vibrant dynamism than in giving credit to its predecessors, the medieval craftsmen and guilds (Braunstein 1994:23). Surely, it is said, capitalism could not have originated in the midst of this "archaic pre-modern" world (Boone 1994:4).

For modernization theorists then, it seems as though nothing novel or important happened in the 16th century; as in Marxist theory, the Industrial Revolution of the late 18th and early 19th century is looked on as the historical watershed that opened up the gates of modernity (Cantor 1973:298–301). And like Marxists, modernization theorists predominantly focus on England in order to understand modernity (e.g., Wrigley 1988). As a result, the economic historian's principal interest in preindustrial economies lies with understanding the constraints that actually prevented those economies from becoming modern.

Needless to say, this stagnant interpretation of medieval economic history had an impact on the course of historical debates and the assumptions that many scholars shared about the state of the premodern world in general. Only premodern factors such as the availability of land and population growth were considered necessary to understand the premodern world,[19] relegating

18. See Lis and Soly (1994:366–369) but also Persson's well-founded critique of Mickwitz's (1936) view of guilds and competition (1988:50–54). Orthodox Marxists such as Dobb (1947:155) were also convinced that guilds retarded the appearance of capitalism. "The customary dismissal of the role played by craft-based apprenticeship and innovation in British and continental industrialization may need to be revised" (Epstein 1998:707).

19. See, for example, Postan (1966, 1973) and Postan and Hatcher (1985). For the supposed nonexistence of technological progress, framing "pre-industrial agrarian economies in a sort of Ricardo-Malthus trap," see Persson (1988:3–4, 24–32). For a dismissal of pessimistic assessments regarding late medieval agricultural productivity and proficiency common to both Malthusianists and Neo-Marxists, see Verhulst (1997:91–92). For an excellent revision of the ideal typical

commercialization, specialization, and technical change to the periphery (Britnell and Campbell 1995:8). Unfortunately, the terms *feudalism* and *Middle Ages* have been "weighed down with every conceivable implication of evil" (Heers 1974:625), which explains why many still associate the Middle Ages with an age of ignorance, backwardness, and general "underdevelopment" (Pernoud 1992:16).[20] In doing so, theorists continue to uphold a "traditional picture of medieval society as feudal, hierarchical, deeply conservative and religious and the economy as a self-sufficient subsistence economy" (Fryde 1998:207) dominated by passive, self-subsistent, Chayanovianesque peasants (Bois 2000:41).

With regard to technological progress, dynamism, and inventiveness, medieval labor formations should not be dismissed as being premodern, as though a major gap divides them from our "modern" world. Their dynamism and innovation actually reveal that they were anything but incarnations of conservative, stagnant, and unproductive economic entities (Boone 1994:16). In fact, preindustrial (i.e., pre–19th-century) markets were much more complex and varied than is usually envisaged (Epstein 1993:470) and it was the guilds that were at the heart of urban medieval society and its political institutions. Thus one should not only rethink the concept of the Industrial Revolution—praised (and conceptualized) by the modernization/development theory (Wallerstein 1984:179–80)—but also the term *Agricultural Revolution* (Verhulst 1989b:71–95; 1990:17–28).[21] Unfortunately, not only does the modernization theory dismiss the guild's infrastructure, but at times it ends up dismissing the entire medieval era, "consigning it to a pre-industrial limbo of gloom and inertia" (Dyer 1991:7), a period only waiting to be swept away by the triumph of laissez-faire economics.[22] Like Marxism, which also emphasizes the Agricultural and Industrial Revolutions in its stagist perspective, the modernization theory is dismissive of the premodern 16th century as well as the Medieval Era. Therefore, the modernization theory is similarly incapable of assessing the importance

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"lymphatic peasants" à la Postan and the "lackadaisical lords that sapped the agricultural sector of dynamism" à la Brenner, see Campbell (1995c:76–108) and the brilliant overview provided by Hatcher and Bailey (2001).

20. See also Black (1997:67), Geremek (1994:15), and Le Goff (1998b:7–8). On the problematic usage of the word itself, see Reuter (1998).

21. Some even situate the Agricultural Revolution in the 13th century (e.g., Dowd 1961 for Italy).

22. Many refer to medieval features as "obsolete remnants from the past" (Howell and Boone 1996:305). Blickle rightfully states: "Most historians build their interpretations on the experiential basis of two separate spheres—one urban, industrial and modern, the other rural, agrarian and traditional—and impose upon Ancien Régime Europe a dichotomy that artificially separates the Third Estate into the bourgeoisie and the peasantry. The city becomes a bourgeois shrine and serves, so to speak, as a laboratory of capitalism; the peasantry, meanwhile, is under control of noble seigneurs and thus is dispatched to the fate of a dying world" (1992:98). The narrative embraced by modernization theorists thus often explains capitalist modernity as (inevitable) progress as opposed to the "backward" way of life of the premodern era or areas (cultures).

of early modern urban networks and their creation of self-sustained growth. Many Marxist and modernization theorists tend to forget that "the industrial revolution was *not* the source of modern economic growth" (North and Thomas 1973:157) but rather, the *outcome* of different processes that must be traced back to the period before the Industrial Revolution.

Findlay (1992:160–161) rightfully states:

> The view that only England, with its Industrial Revolution on domestic soil and with home-grown technology, was truly able to initiate the modern industrial world is fundamentally mistaken since it adopts a "national" instead of a "systemic" perspective. One must not look at the consequences for individual nations or states, but for Europe or the West as a whole.

While most (not surprisingly, European) scholars continue to focus on the Industrial Revolution as the key historical moment (e.g., Grassby 1999:63; Vries 2003) that brought about real growth in terms of a rise in per capita income, there is ample historical evidence that this occurred much earlier than the 18th century (Jones 1988:38; Van der Wee 1988:343–344; cf. Snooks 1994). As Douglass North (1979:251) put it: "There is nothing new about sustained economic growth, despite the myth perpetrated by economic historians that it is a creation of the Industrial Revolution." Some scholars (e.g., O'Brien 1990, 1991, 1992) choose to explicitly dismiss the profits derived from international trade *prior* to the Industrial Revolution. This is not surprising as modernization theory has a long history of denying imperialism (Omvedt 1972). But in reality the Western European core was able to industrialize precisely *because* it was able to specialize in the production of goods with a higher added value, whereas the periphery's industrialization process was thwarted. Admittedly, the periphery's production was geared toward supplying raw materials for the core, as its markets were opened to the refined products from the core. Thus, while the importance of an internal market in creating sustained growth should not be underestimated, the external market and interregional trade, both as sources of raw materials and as consumers of services and finished products with a higher added value, are also crucial for *any* economic growth (Van der Wee 1988:321, 337), even before the 18th century.[23]

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23. Or as Hobsbawm put it in his now-classic study *Industry and Empire*: "The British Industrial Revolution cannot be explained in purely British terms, for this country formed part of a wider economy, which we may call the 'European economy' or the 'world economy of the European maritime states.' It was part of a larger network of economic relationships, which included several 'advanced' areas, some of which were also areas of potential or aspiring industrialization, and areas of 'dependent economy,' as well as the margins of the foreign economies not yet substantially involved with Europe. These dependent economies consisted partly of formal colonies (as in the Americas) or points of trade and domination (as in the Orient), partly of regions which were to

World-Systems Analysis

A world-systems analysis attempts to explain the emergence of a capitalist world-economy in Europe in tandem with the incorporation of regions through domination and colonization, which in turn resulted in an international division of labor and an interstate system. At the same time, it debunks the notion of modernity and the importance attributed to the Industrial Revolution. While a world-systems analysis does not deal effectively with the "transition" problem, unlike the modernization theory and orthodox Marxism it at least brings the Medieval Era back into the picture. It does not disregard medieval Europe in its entirety since it has to "reopen the question of how and when the capitalist world-economy was created in the first place; why the transition took place in feudal Europe and not elsewhere; why it took place when it did and not earlier or later; why earlier attempts of transition failed" (Wallerstein 1979:135).

Another positive element about a world-systems analysis is its illustration of how the "Brenner Debate," pitting class history against the so-called "objective economic forces, particularly those deriving from demographic fluctuations and the growth of trade and markets" (Torras 1980:253), can be overcome by emphasizing that "the exploitation of labor is not only determined by the wage bundle and the extraction of labor from labor power in the production process, but in substantial measure by the prices at which goods are exchanged between the economies that make up the world-system" (Bowles 1988:434). In this sense, a world-systems analysis attempts to explain the emergence of capitalism by integrating the Marxist focus on production with the Smithian focus on the circulation of goods in the market.[24]

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some extent economically specialized in response to the demands of the 'advanced' areas (as in some parts of Eastern Europe). The 'advanced' world was linked to the dependent world by a certain division of economic activity: a relatively urbanized area on the one hand, zones producing and largely exporting agricultural products or raw materials on the other. These relations may be described as a system of economic flows of trade, of international payments, of capital transfers, of migration and so on" (1969:35).

24. Brenner's claim that a world-systems analysis is "circulationist" should be rejected, as Sanderson (1995:178) rightfully points out: "While it must be admitted that much of what goes on among Wallerstein's zones of the capitalist world-economy involves exchange, much also involves production. When, for example, core capitalists peripheralize a region in order to extract surplus value from it, they are doing so through the direct establishment of productive activities that they ultimately control. How can such an economic relationship between core and periphery be regarded as based only on exchange?" It is indeed important to note that it is the combination of profits based on the exploitation of wage labor as *well as* those derived from unequal exchange that constitute a capitalist system. Profits derived from surplus value are *not* necessarily "of greater historical significance" (Heilbroner 1985:66) than those derived from unequal exchange. If one insists on measuring the number of people within a specific polity who are "fully dependent upon wages as landless laborers" (Brenner and Isett 2002:631) in order to determine the degree to which a polity can be classified as *truly* capitalist when compared to others, one should realize that many of today's

As Thomas Hall observes, many agree that a "World-System Theory cannot be applied wholesale to pre-capitalist settings, before approximately A.D. 1500" (1996:444–449). This then leads to the question: Was there no capitalist system before the 16th century? The answer to this question depends on whether one tends to agree with a *spatial* predisposition, namely that in one part of the world there was a period of transition from feudalism to capitalism wherein the existence of multiple systems converged into a single world-system (i.e., a world-economy centered around Europe or Western Asia), or a *temporal* predisposition, namely that this transition from feudalism to capitalism occurred somewhere between 1450 and 1650. Let us focus first on the temporal predisposition within world-systems analysis.

Temporal Predisposition

For Immanuel Wallerstein, perhaps the most renowned world-systems scholar, capitalism evolved in Europe out of the 16th century's feudal crisis. With the emergence of the modern world-system, one single new mode of production came into existence. Notwithstanding his lengthy writings on the 16th century—the "period of the world-economy in creation" (1974:356)—his summary explanation of the transition (1974:37) remains unsatisfying. As Cornelis Terlouw notes:

> During this long transitional phase, feudalism was slowly transformed into, and superseded by, capitalism. This can only mean that during at least two centuries feudalism and capitalism coexisted in one world-system. So what Wallerstein explicitly denies (the coexistence of two modes of production in one world-system) he implicitly assumes for the period between 1450 and 1650. If one accepts that during a very long period, several modes of production coexisted in one single system, it is a small, and completely logical, step to admit that at any moment in the history of the world-system several modes of production could exist simultaneously. (1992:57–58)

Like Marx, Wallerstein is more interested in the functioning of today's capitalist world-economy. But this interest has some unfortunate theoretical implications:

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countries would then have to be classified as "precapitalist," stuck within some kind of "Asiatic" or feudal mode of production. This Marxist position also ignores the fact that wage labor in the core emerges in tandem with greater exploitation of coerced labor (e.g., slavery) in the periphery, a consequence of more intense commercialization. Awareness of this fact does not, however, automatically translate into a Smithian paradigm in which the market will inevitably "grow of its own accord," as Hindess and Hirst (1975:262) point out, in order to bring about capitalist modernity.

> By focusing his attention on the emergence of the present world-system, Wallerstein inadequately theorizes about the temporal borders between world-systems. His fixation on the unity of the present world makes him blind to the intertwining of different social systems in the past. (Terlouw 1992:57)

Wallerstein was, of course, very aware of this problem.[25] But describing the transition at a given moment in time as complete (in the sense that capitalism has superseded other modes of production or that its logic appears to be predominant) is hard to do since "it is always easy to find presumed instances of 'non-capitalist' behavior in a capitalist world—all over Europe in 1650 and 1750 and 1950. The mixture [of 'non-capitalist' and 'capitalist' behavior] is the essence of the capitalist system as a mode of production" (Wallerstein 1980:32). Who can really specify the exact moment when one system significantly takes over (incorporates) the other(s)?

To completely dismiss any distinction between bulk and luxury goods from as far back as 5,000 years ago up to the present would seem to imply that no transition from feudalism to capitalism occurred. Frank and Gills (1991; 1992; 1993a; 1993b; 2000), for example, completely dismiss the notion of a transition in the Middle Ages, or for that matter, even in the 16th century; for them, no sharp break or transition occurred around 1500 (Frank 1990:243; Frank and Gills 1993b:297). In seeking to make their analysis "as holistic as possible," they instead envisage the contours of a world-system that existed 5,000 years ago (1993b:45). Ironically, in doing so, a "frozen history" narrative is constructed; that is, that since time immemorial, trade has linked peoples and tribes, providing some with profits while others were exploited. They are convinced, for example, that "the labor of the ancient lapis lazuli miners of Afghanistan and the textile workers in urban Sumeria was all surely interlinked in a world economic system division of labor even in the fourth or third millennium BC" (1993b:299). According to their theory, mankind has always lived (and perhaps always will?) in a world capitalist system.[26] Needless to say, their

25. "To analyze the period from 1450 to 1750 as one long 'transition' from feudalism to capitalism risks reifying the concept of transition, for we thus steadily reduce the periods of 'pure' capitalism and sooner or later arrive at zero, being left with nothing but transition" (Wallerstein 1980:31). This criticism could also be applied to the more recent work of historian Jean Baechler (2002), who, in his attempt to present us with a "universal history" starting in the Paleolithic, does not mention capitalism at all.

26. Frank claims that "this economic and interstate world historical system already exists for at least five thousand years" (1990b:212). I do not deny that some regions were—at different points in time—interconnected through trade, which had profound social consequences in the long run (Wallerstein 1990:221). But this does not mean that they were all integrated in one *system*. Although I do not agree with Wallerstein's periodization of "modernity," I do agree with his important critique of Frank's extreme position: "Only if we keep the caesura [from proto-capitalism to the emergence of a capitalist world-system] in mind will we remember that this historical system, like all historical

position is somewhat extreme and remains among the minority in the world-systems school. Unlike Frank and Gills, Wallerstein at least uses the concept of a transition, but unfortunately the confusion surrounding world-system theory does not end there.

Wallerstein's reluctance to apply concepts such as *core* and *periphery* before the 16th century is a result of his interpretation of the importance and impact of long-distance trade (Wallerstein 1990:221). The dichotomy that he creates (and which many in the world-systems school follow) between precious commodities (luxuries) and essentials/utilities (bulk trade) must seriously be questioned, particularly prior to 1500 (Schneider 1991:48). First of all, how does one define luxury versus bulk goods? Does one focus on the quantity of goods exchanged, or instead emphasize the nature of the goods? And if certain luxury items become mass commodities after some time, widely bought and sold due to a rising demand in the market (as occurred with wine,[27] sugar,[28] and salt[29]), when does this "critical" transition from luxury to bulk goods

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systems, not only had a beginning (or genesis), but that it will have an end" (1993:295–296). For an interesting intermediary position between Wallerstein and Frank, cf. the more recent interventions by Beaujard (2005).

27. "In some years around 1300, England exported up to 15 million pounds of raw wool, and a year's export of about 25 million gallons of wine from the Garonne valley was recorded. The wine trade found markets in Tunis and the Black Sea. Exotic commodities were more and more moved in bulk" (Mundy 1991:91). See James (1951), Craeybeckx (1958), Rénouard (1968), Sivéry (1969), and Maguin (1982) who demonstrate the significance of both regional production and long-distance trade. One should not underestimate the impact of wine production on the "monetization of the rural economy and the accumulation of profit" (Mousnier 1997:327; see also Childs 1978:126–136). As an example, let us examine the massive production of wine for the market in the medieval era: "The annual average, in the first half of the 14th century, was between 747,000 and 850,000 hectoliters (c. 1308–1309). When we compare this with 1950, the total export of wine from the whole of France was about 900,000. And these figures only refer to some areas of the Gironde: Bordeaux and Libourne" (Pernoud, Gimpel, and Delatouche 1986:195). For the importance of the "regular, large-scale, well-developed trade between distinct but relatively integrated economies," of which the wine trade was illustrative, see Menard (1997:236–248) and Verlinden (1962). Pauly clearly demonstrates that wine in the early 14th century cannot be dismissed as a luxury commodity; the consumption of wine was so widespread—even prisoners were given wine—that it should be considered as "basic and of primary importance" (1998:297–298). For a striking example of a 14th-century source that provides clear insight into the existing class conflict revolving around wages in the wineries of rural Auxerre, see Stella (1996).

28. For the sugar industry in late medieval Sicily, see Epstein (1992:210–222). For the structure of the Levantine sugar industry in the Later Middle Ages, "a true capitalistic enterprise, with big trusts which systematically pushed the small enterprises aside," see Ashtor (1992: chapter 3, esp. p. 237).

29. The salt trade asserted itself as "one of the unifying elements of the western economy" (Mollat 1993:65) as it became the target of special taxes all over Europe (Bautier 1992:V–VI; Mollat 1968, 1977:VI–VIII; Abraham-Thisse 1988; and Hocquet 1979a, 1979b, 1985, and 1987). For the significance of the salt trade in Northwestern Europe, see Bridbury (1973:22–39).

occur?[30] In other words, when do "luxuries" become "necessities" (Wallerstein 1993:294)?

Furthermore, to what extent is it analytically useful to draw such a dichotomy between the two prior to 1500? Could the growing wealth of Europe be measured by its increased demand for luxuries (Cheyney 1962:10)? Is it impossible to retain the importance and impact of luxury trade without conceptually reducing it to the same analytical level as bulk trade? Is it not conceivable that luxury trade (and certainly, the serious profits that it involved) could have provided essential financial leverage for the same merchant entrepreneurs/families who also engaged and invested in bulk trade, particularly before 1500? And could one not argue that this leverage was necessary, if not essential, to further increase the trade in mass commodities, thus stimulating the actual expansion of capitalism in this "era of transition from feudalism to capitalism"?[31] A medieval "super company" such as those managed in Italy by the Peruzzis or the Bardis around 1300 invested in and made notable profits from both textile (luxury) and large-scale grain (bulk) trading (Hunt 1994:244; Britnell 1993:123; Wolff 1959; Bradley 1994:57–58; Papacostea 1973:601; Balard 1989:VI; Balletto 1977; Yver 1968:104–126).[32] While Chase-Dunn and Hall

30. One might pose the same question about some of the other commodities that were traded in bulk in the 14th century, such as the beer produced in Northern Germany and exported to the Low Countries (Unger 1989; Aerts and Unger 1990; van Uytven 1988:548). Beer gradually replaced wine as a major consumption item (Unger 1998; Peterson 2000). Even more important was the trade in herring; in one single year a city like 14th-century Lübeck imported 90,000 tons of it (Stark 1993:191). The significance of the timber and fur trades should also not be underestimated (Martin 1978, 1986). In short, by the early 14th century, a wide variety of commodities was shipped in bulk all across Europe (Mollat 1988b:13; Ashtor 1981:261; Balard 1989:VI:64).

31. This is especially so if one realizes that in this period, commercial expansion and industrial specialization both required unprecedented investments of capital (Schumann 1986:107). For the importance of both bulk and luxury trade in the medieval economy, see Bozorgnia (1998). Clearly luxury trade in and of itself does not constitute a world-system even though from the point of view of state formation in the external arena—that is, areas outside of the modern world-system proper—it can be of major importance. As this study will show, luxury trade can have an impact on certain processes within the (emerging) system but does not in itself constitute a *capitalist* system; it is at best a prestige goods-based trade-network system (Chase-Dunn and Hall 1997:54).

32. One should note that "since the latter part of the Middle Ages, the range of articles in long-distance commercial circulation was already a very diverse one, and encompassed consumer goods which were relatively commonplace, [while] it did not absorb very high transaction costs" (Torras 1993:202). According to Unger (1980:191), Miskimin (1975:125), Scammel (1981:48), and Lewis and Runyan (1985:134–135), bulk trade *dominated* commerce in northern Europe. See also Romano (1954), Sapori (1970), and Cherubini (1993:282–283), who reject the implicit Sombartian perspective that Wallerstein seems to follow: "While recognizing the fact that we are not dealing here [the market in medieval Italy] with quantities comparable with the figures brandished for the days leading up to the Industrial Revolution, the circulation [of commodities] did not only involve products of specifically high value, but also the most run-of-the-mill goods . . . we must reject the image of Italian commerce during this era as being centered around products such

(1997) and Modelski and Thompson (1996) are proponents of the existence and importance of various long-distance trade patterns and cycles prior to 1500, the dichotomy between luxury and bulk trade is not as important to them as it is to Wallerstein.

I would therefore argue that it is a serious exaggeration to claim that industrial production in the Middle Ages was "scattered, small-scale, and mostly geared to a luxury market" (Wallerstein 1974:123) and that "there was no middle-distance division of labor as local zones did not generally depend on or count on 'regional' (i.e., middle-distance) supply sources" (Wallerstein 1993b:5). Such thinking makes it seem as though medieval trade was nothing more than "local trade and exchange in which goods moved within restricted regions [while] long-distance trade was characterized exclusively by valuables produced for the elites" (Wolf 1982:32; Mandel 1962:127). Although local production and consumption of grains and textiles remained important (Munro 1998:275), regional as well as international markets were at the heart of the economy in medieval Western Europe; the city-states' dependence on both the grain trade (for the urban proletariat's consumption)[33] and the textile market clearly illustrate this. Indeed, the export of grain from the Baltic to the Low Countries from 1250 onward (Slicher van Bath 1963:156) and to England in the 14th century (Fourquin 1979:317), or from the Black Sea region (Manolescu 1981; Balard 1989:VI) to cities such as Genoa (Karpov 1993; Unger 1980:183; Day 1981:637), Venice (Nystazopoulou 1973:560), or Montpellier (Reyerson 1998:269) constituted an *essential* feature of the urban system (van Uytven 1985). Increasing amounts of raw materials (furs, timber, cattle) and grain were transported from "Eastern Europe" to the cities of the Low Countries (Tits-Dieuaide 1975:150–166; Sosson 1977:102–111; Lewis 1978:IX:33–35; Samsonowicz 1975:668), and occasionally to Italy (Balard 1975:21–30; Favier 1996:172–173). In return, the "bulk of the [western] cities' growing exports was directed to Eastern Europe" (van Uytven 1983:181; see also Berza

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as spices and other highly-priced items." Nor should one forget that the "medieval usage of the term spice could be highly elastic" (Modelski and Thompson 1996:178). Essentially, "one becomes increasingly convinced that most of the commodities transported in the Mediterranean consisted of grains, wine, oil, and copper, wood, iron, alum and other goods part of people's daily lives. One should therefore pay attention to these bulk goods—and especially grains—rather than spices" (Bautier 1992:VI:224). According to Iorga (1914:297), the grain trade was so important that wars erupted over its supply routes. Furthermore, "the mass traffic of heavy products, such as salt and grain, and of cumbersome products, such as wood, also corresponded to a certain division of tasks between the sea and land routes" (Mollat 1993:65; see Heers 1965b:44–48). For the magnitude of profits from Italian trade with England from 1270 to 1530, see Fryde (1974, 1983:XIV–XVI).

33. Estimating that the "average inhabitant of a northern European town in the Middle Ages consumed 300 kg of grain annually" (Samsonowicz 1998:306), one can imagine the logistical problems for a city of a certain size (Schneider 1955:427), especially when many workers only had low wages to rely on to feed their families (Boone 1984:88).

1941:419–420; Bratianu 1944:47; Nystazopoulou 1973:563; and Giurescu 1976: 592–594).

What made the world-system from the 16th century onward *modern*, when compared with mini-systems or world-empires, was precisely its emerging single division of labor between large geographical areas interconnected by trade. Some might regard the division of labor between the urban inter-city-state system of Western Europe and the countryside of Eastern Europe and the Black Sea area (Balard 1983:45, 51) as an embryonic form of "peripheralization," culminating in the transformation of "East Central Europe into a virtual colonial appendage of the European heartland, supplying raw materials in exchange for finished goods" (Rowan 1994:197–198; see also Turnock 1988:209; Asdracha and Mantran 1986:348; Scammell 1981:87; and Tits-Dieuaide 1975:160). This is illustrated quite well in Hungary's trade deficit (Malowist 1974:348), which arose due to the massive import of cloth produced in the Low Countries (Abraham-Thisse 1998:133), and by the socioeconomic developments in Poland, where the local textile industry could not flourish in the long run due to the continuous inflow of textiles from the Western European city-states (Malowist 1957:578; Wyrozumski 1981:301; Kloczowski 1996:471–473). This, of course, had political ramifications in that the Polish urban bourgeoisie's power was limited (Wyrozumski 1978:37) and it could not grow as strong as its counterpart in the West as "the producers were drawn into exchange with economically advanced Western Europe [which] strengthened the political privileges of the Polish nobility who disposed of the crop production" (Gieysztor 1978:211). In turn, the much more powerful nobility was able to implement a socioeconomic policy that peripheralized the country vis-à-vis the West (Samsonowicz 1981; Bogucka 1985:101; Makkai 1975:236–238; Samsonowicz and Maczak 1985). From the 13th and 14th centuries onward, the Baltic area became more and more important as a source of food and other raw materials (e.g., timber) for the major urban centers in the Low Countries (Verhulst 1963:74–75; Gunst 1989:62; Malowist 1974:330–333). While this European division of labor did intensify in the 16th and 17th centuries, as Wallerstein (1974) points out, "certain aspects of the one-sided economic development of Eastern Europe were already evident" prior to this period (Malowist 1974:356–357).

In my opinion, the emerging European division of labor in the period from 1300 to 1500 is an adequate explanation for the relation between the "unidirectional development towards increased agricultural production" (Tarvel 1990:71) in Eastern Europe, and the increasing number of nonagricultural workers in West European cities (Wunder 1983:270–271; Pàl Pach 1994:IX–XI; Van der Wee 1988:338). It is not surprising then that most Polish craftsmen did not become very specialized (Samsonowicz 1988:180), unlike those in Western European cities. While admittedly, one should not "homogenize" Eastern and Western Europe, the late Middle Ages nevertheless have to be regarded as the "crucial turning point [that] led to divergent agrarian development in East and West" (Rösener 1994:106), when the balance of trade shifted in favor of Western Europe (Samsonowicz 1975:665). The fact that cities were more powerful in Western rather than Eastern Europe can be regarded as a crucial reason for this divergence (Kahan 1973:97).

Thus the emergence of Eastern Europe as "the granary of Western Europe" and its integration "into the Western European market system was the result of prolonged evolution" (Loewe 1973:23, 35) that started in the 13th to 14th centuries. As Szúcs points out, the Western European city-states were the first to suffer from the mid–14th-century feudal crisis, but also the first to rebound from it "because one could find new markets and metal producing zones in Central and Eastern Europe. *For a long while the regions situated to the East of the Elbe had to pay the price of the convalescence of Western Europe*" (1985:70, emphasis added). The emerging division of labor within Europe (Samsonowicz 1996:50–52; Szúcs 1985:74; Bauer and Matis 1988:101) was then part of the systematic construction of a colonial periphery (see infra), which in turn, is crucial to explaining the emergence of capitalism. It makes the claim of "internal" transformations within a single nation-state (a "capitalism in one country" phenomenon) quite absurd as well as presumptuous.[34]

The transition to capitalism that Wallerstein eventually situates around 1500 only becomes more problematic, however, if one examines other (non-world-systems) literature. Many describe the late Middle Ages as either a period of *transition* (particularly between 1300 and 1520) (Ferguson 1962), or a period of *acceleration* (particularly between 1270 and 1520) (Fossier 1991:337–441). Some have even used the phrase "commercial revolution" to describe the period between 1100 and 1350/1500 (Lopez 1954:615; 1976:56–84; Jones 1997:152–332), which in turn initiated the era of capitalism (and in the long run, made the "rise of the West" possible). Those who use this term, however, debate whether various forms of technological innovation (e.g., White 1962; Mokyr 1990; Balard 1991:113–123; Carus-Wilson 1941) or a form of agrarian development and surplus extraction—itself an outcome of specific class relations (Brenner 1985:11–12)—are at the heart of the matter.[35]

Snooks traces the decline of feudalism to some time between the 11th and 13th centuries (1996:191, 304). The late French agricultural historian Alain

34. See, for example, Wood: "The English economy in the early modern period, driven by the logic of its basic productive sector, agriculture, was already operating to principles and 'laws of motion' different from those prevailing in any other society since the dawn of history" (1999:96). As Duchesne (2002b:136) politely put it: "The capitalism in one country of Robert Brenner and Ellen Wood will no longer do."

35. Some have attributed events outside Europe as crucial to "the rise of the West" (e.g., technological stagnation resulting from the fiscal policy of despotic governments) (see Ashtor 1992:III:266, 273–280).

Derville agreed, stating that the transition from feudalism to capitalism in the countryside took place around A.D. 1150 (1995:243–250). Several studies that focus on urban[36] and agrarian[37] production and trade, bulk and luxury goods alike, clearly indicate a historical continuity on all levels between the late Middle Ages and the 16th century. This then explains the political, economic, and technological evolutions within the transition from feudalism to capitalism.[38]

Even the change in mentalities, notably, the rational drive to achieve a ceaseless accumulation of capital, can trace its roots back to the Middle Ages (Le Mené 1977:160–190; Jorda 2002).[39] Martin referred to this as "Marx in practice, 600 years before the appearance of 'Capital'! One's failure or success in life is indicated by the magnitude of accumulated capital" (1996:357–370). Le Goff considers the theological controversy surrounding usury in the 13th century as "the labor pains of capitalism" (1988:9–10). He explains: "The instigators of capitalism were usurers: merchants of the future, sellers of time; the hope of escaping Hell, thanks to Purgatory, permitted the usurer to propel the economy and society of the thirteenth century ahead towards capitalism" (1988:93).[40]

Although prohibited by the church, "the church's condemnation of usury did nothing to shackle the development of capitalism" (Le Goff 1979:25). Whatever the Church may have thought, many urban authorities in the 12th and

36. See the essays on 14th-century urban economies and putting-out production in Boone and Prevenier (1993). For descriptions of the putting-out system implemented by medieval merchant capitalists, see Reynolds (1961:236–243), von Stromer (1991), Holbach (1985, 1994), Friedrichs (1975), and Kellenbenz (1973). For a comparison of urban industries in the Low Countries and Italy, see Van der Wee (1988).

37. For example, the studies in Van der Wee and Van Cauwenberghe (1978) and Thoen (1992, 1993).

38. In emphasizing historical continuity throughout this study, I do not intend to simplify the complex history of certain conjunctures related to particular products bought and sold in the marketplace, as discontinuities did occur (see Munro, 1997, for the "new draperies"). What I want to stress, rather, is the *overall* continuity of economic growth from the 13th to the 16th century and the nature of the capitalist exploitation inherent to it.

39. See also Heers (1965:51). Cipolla notes that by the 15th century, "Western glass too was widely exported to the Near East and a telling symptom of the European 'capitalist' spirit, unhampered by religious considerations, was the fact that the Venetians manufactured mosque lamps for the Near Eastern market and decorated them with both western floral designs and pious Koranic inscriptions" (1994:210). With regard to medieval Bruges, Murray states that "the term medieval capitalism should not be rejected out of hand, for despite its tint of anachronism, capitalism does indeed describe the workings of the Bruges economy in the 14th century" (1990:25). See also Murray (2005).

40. "With the development of the monetary economy in the 12th century, usury will become an important issue for the Church. It is during the 13th century that the issue becomes a crucial one, when capitalism is making its first steps, using exactly those practices condemned by the Church up to that point in time" (Greilsammer 1994:810). See also Heers (1992:253–256) and Mundy (1997:196–202).

13th centuries "turned a blind eye" (Erner 2005:471) if not "defended the practice of usury altogether.... Synods that denounced canonical infractions such as usury hardly installed any fear in the business community" (Wyffels 1991:870–871) since "money-lending was freely practiced in the Middle Ages among the poor as well as the rich. Usury was still forbidden by canon law, but there were all kinds of subtle devices for cloaking usurious transactions" (Du Boulay 1970:59; see Little 1978:180–183). One such disguise was the carrying on of banking activities "under the cloak of exchange" (de Roover 1969:29):

> Medieval lawyers and their clients became spectacularly adept at circumventing the laws by disguising interest payments. The church itself was a borrower and a lender and it, too, made use of the ingenious methods of casuistry that had been developed for paying interest without appearing to pay interest. In short, credit financing had become too pervasive and integral a part of economic life that no amount of theological argument was going to make it go away. Although theologians continued to argue the moral fine points of the usury problem, by the mid 14th century there was a marked decrease in the Church's actual prosecutions of usury, and it even began to change its laws to allow moderate interest rates. (Barnett 1998:60)

According to Little, "what was once deviant behavior, which by definition is marginal, was [by the mid-13th century] becoming standard practice and thus simultaneously, from an official point of view, increasingly difficult to define as deviant, particularly as more and more of those in positions of authority had a mercantile background. This is self-evident in the case of the urban patriciate, but it was also true of the ecclesiastical hierarchy" (1978:212). Of course, the existence of money-lending predates the European medieval era/area and is not unique to Western Europe (e.g., Habib 1964). As Bois points out, "one usurer in purgatory does not create capitalism. An economic system only replaces another one after a long period in time" (2000:30).

Another important development related to the rise of capitalism and dating from the beginning of the 14th century was the appearance of mechanical clocks on churches and town halls in Western Europe (Barnett 1998:80). Indeed, "the rational outlook of the merchants and bankers was fundamental to the installation of mechanical clocks in the West. With their capitalistic mentality they had observed the value of time" (Gimpel 1976:170).[41] Thus began "a historical

41. Or to quote Barnett: "God's time began to grant space to the new secularized idea of time required by a money economy" (1998:61) As Rossiaud (1990:172) points out, bells on churches and belfries as well as clocks became "fundamental to collective life" as "theological time was replaced by technological time" (Gurevich 1990:279). On the diffusion of clocks in medieval Europe and its implications ("Merchant's Time" and "Work Time and Hourly Wage"), see Dohrn-van Rossum

revolution in the measuring of time, with far-reaching intellectual, commercial and industrial consequences" (Gimpel 1976:165; Pernoud 1992:140). Time became a compartmentalized and rationalized commodity (Le Goff 1991:46–79; Martin 1996:168–174) and the clock an increasingly important instrument to *control labor*: "Everywhere workers had to submit to the new instrument that measured time, to the watch, to the clock on the belfry, the church or the city hall and that from now on rigorously determined rhythms and time of work and leisure" (Rossiaud 1998:471).[42]

Could it also not be argued that "l'esprit d'entreprise" of merchants like Jacques Coeur in the middle of the 15th century (Mollat 1988), Jean Boinebroke (Espinas 1933; Bernard 1976:311; Koenigsberger 1987:223–224) and the Genoese 'capitalist' Symon de Gualterio (Face 1969:75–94) in the late 13th century, or even Guillaume Cade in the mid-12th century (Derville 1994:52–54), were all linked to the emergence of capitalism? According to Bernard:

> The capitalistic nature of major commerce and international finance becomes clearly apparent in the fourteenth and fifteenth centuries. The volume of medieval trade and the amount of business conducted was negligible by comparison with present-day trade, but this means very little. It was substantial considering the size of the population, and the relative importance of other sectors of the economy. In tonnage, some figures actually surpassed those of Seville's trade with America in the first half of the sixteenth century. (1976:309–310)

In answer to the question "was the medieval economy capitalistic?" the economic historian Heaton responds: "Fourteenth-century merchants were conducting complicated businesses with intelligence, foresight, and a detailed

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(1996). Whitrow even goes so far as to claim that unlike in China or Mesoamerica, "in Western Europe the mechanical clock first appeared and with it a new type of civilization based on the measurement of time" (1988:96). The point of this book is not to engage in a discussion about which part of the world was the first to invent a mechanic clock or organize maritime expeditions to the New World. While interesting for historicist speculation and as a means of debunking a certain amount of Eurocentric historiography (cf. Hobson 2004:21), the first invention of a certain technology or the first 'discovery' of a certain area of the world does not, in itself, lead to any kind of intrinsic claim regarding the origins of a capitalist system. Obviously the abovementioned variables were all part of such a system, in which an axial division of labor based on unequal exchange was the engine for ceaseless capital accumulation and further colonialist expansion, but were themselves insufficient conditions or indicators.

42. See Epstein (1988), Crosby (1997:75–93), Cipolla (1977), and Haverkamp (1998). For the far-reaching implications of changes in the perception of time between 1300 and 1650, see Thompson's "Time, Work-Discipline and Industrial Capitalism" (1993:352–403). Landes (1983:72–76) explicitly links the large-scale production of the textile industry to the diffusion of work bells in medieval urban communities. By the mid-14th century, "the division of hours into 60 minutes and minutes into 60 seconds became common" (Hallam 1976:34).

knowledge of their financial position. There was no lack of capitalistic spirit, organization, or technique in the management of great estates during the 13th century" (1948:185–187). Although I do not want to stress the emergence of a Weberian capitalist *spirit* and do not agree with the claim that "what made European expansion different and 'special' was derived from a series of religious and cultural factors which were largely peculiar to European society" (Phillips 1998:243), a new commercial mentality did occur in the educational field (Dahl 1998:67–68; Wolff 1989:58–59; Prevenier 1994:13; 1996:353). What was so unique about the 16th century then, as far as the features of capitalism are concerned?

The concept of an "age of transition" can be interpreted as requiring the operation of at least two coexisting modes of production, and the eventual domination of one over the other. If we want to analyze the rise of one mode of production and the demise of another, at some point we have to acknowledge them as working together. If not, one is left with the argument that feudalism simply disappeared within Europe during the 16th century. But as Britnell has said, "The transition needs analyzing as a much longer process than most traditional accounts imply" (1993b:359). Why not argue that the feudal system and some of its social structures were very much alive in the 19th century? Wallerstein insists that the creation of the modern capitalist world-economy took place no earlier than 1450 and no later than the 16th century. And yet, he is very much aware of major changes in Europe prior to 1450, stating that "the crisis of feudalism in Europe in the period of 1300–1450 [was] a crisis whose resolution was the historic emergence of a capitalist world-economy located in that particular geographic arena" (1984:23). Despite his acknowledgment of the existence of some capitalistic features in the late Middle Ages, Wallerstein does not note any fundamentally important historical continuity in Europe between the period 1300 and around 1500 that might help to explain the transition from feudalism to capitalism:

> There were no doubt other times throughout history when such a transformation [into a capitalist world-economy] seemed to be beginning, such as in the Mediterranean basin between 1150 and 1300. And there were parallel occurrences at other moments in other regions of the world. But for various reasons all the prior transformations were abortive. (1979:142)

This is a very important statement, signifying that unlike Europe, other regions did not witness the emergence of capitalism. It also implies that what happened between 1150 and 1300 did not impact the emergence of capitalism in Europe in 1450, since he dismisses it as "abortive."[43]

43. An "earlier attempt of transition [that] failed" Wallerstein (1979:135).

Is there really such an extreme break with the past?[44] Because several features of capitalism were already strongly apparent in Europe prior to 1500—more precisely between 1100 and 1350[45]—and because of their growing importance, is it not plausible that the feudal system sunk into a crisis, rather than being suddenly and completely replaced by an entirely new system of accumulation? Or to put it another way, that the feudal system fell into a slow, agonizing period of decay and was eventually superseded by the dominant "logic" of capitalism? In this regard, historical continuity is revealing.

In the 14th century, there was already a valid money market wherein the banking and trading companies had branches that dealt in paper currency and which was, like every market, governed by the laws of supply and demand and subject to various seasonal and cyclical fluctuations (Bernard 1976:327). As the economic historian John Day points out:

> By the mid-fourteenth century, merchant capitalism has already perfected the instruments of economic power and business organization that were to serve it for the next four hundred years: foreign exchange, deposit banking, risk insurance, public finance, international trading companies, commercial bookkeeping. (1987:199)[46]

In Braudel's conceptualization of the "économie-monde," forms of capitalism (e.g., commercial, industrial, and banking[47]) existed in 13th-century

44. In a more recent article, Wallerstein claims that there is a fundamental difference between "proto capitalist" systems with capitalist features (investments of capital, extensive commodity production, wage labor and weltanschauungen consonant with capitalism) on the one hand, and the "genesis of a radically new system" after 1400 out of the "crisis of feudalism" on the other (1999:34). It is my position that one should be careful not to overlook the development of the embryonic European capitalist system in the period 1200 to 1400, precisely in order to understand the developments in the world-economy in a much more intensified pattern, and on a larger scale, in the period 1400 to 1600. Unfortunately, in Wallerstein's model, the 16th-century capitalist world-economy is "virtually a creation ex nihilo" (Sanderson 1995:159).

45. With regard to continuity from medieval merchant capitalism originating in Italy and the Low Countries, cf. Sée (1928:7–56). For a more recent synthesis in general, see Jorda (2002).

46. See also Bouvier and Germain-Martin (1964:21–22) or Lane (1977). For the importance of credit instruments in 14th-century overseas trade, see Munro (1994:X:67–79). Using transfers of credit by exchange instruments, "inter-city exchange bankers" could avoid moving bullion over long distances (Blomquist 1994:345). For a discussion on the usage of bookkeeping by urban governments in Western Europe, see Samsonowicz (1964). For a comparison of the medieval and 16th-century price revolutions, see Fischer (1996:11–38).

47. With regard to medieval banking, Le Goff concludes: "Taking into account the amount of money he controlled, the geographical and economical horizons he was familiar with, and the commercial and financial methods he used, the medieval merchant-banker was a capitalist. But he also is it in spirit, because of his way of life and his place in society" (1962:41). See de Roover (1948, 1971) and Blomquist (1979). In the late 13th century, Genoa introduced maritime insurance contracts, which were rapidly adopted elsewhere (Heers 1959:8–14; Wolff 1986:136–139).

Florence[48] and have since tightened their grip on the economy. Thus unlike Wallerstein, Braudel is not reluctant to apply the term *capitalism* to the Middle Ages,[49] nor is he unwilling to apply the concepts of a world-systems analysis (e.g., periphery, semiperiphery, core, etc.) to that period.[50] Indeed when discussing the emergence of capitalism, why not use such world-systems terminology before the 16th century (De Wachter 1996:51–57)?

Regarding the temporal origins of capitalism, Wallerstein considers the "axial division of labor involving integrated production processes" a conditio sine qua non for identifying a system that is capitalistic in nature (1993:294). From the late 11th century onward, energetic merchant-entrepreneurs[51] in Flanders started to produce standardized textile goods intended for large scale export (Verlinden 1976:104; Ammann 1954).[52] This export industry drew its

For the links between insurance practices and the availability of credit, see Leone (1983). For a general history of corporate finance from the Middle Ages onward, see Baskin and Miranti (1999).

48. The functioning of the 14th-century Florentine economy is discussed by Brucker: "The merchant-entrepreneur would buy the raw materials (wool, dyeing substances, wood and alum) and market the finished product once the wool had passed through the various stages of cloth production. [First] the imported wool would arrive at the wash house, it would then proceed to the factory to be carded and combed; out to the country to be spun; back into the city for weaving and dyeing; once again into the country to be fulled and then back to town finally to be stretched, packed, checked, sealed and retailed or exported . . . during this process he would have recourse to workers directly answerable to him . . . he would always remain in charge and retain ownership of the wool, as it progressively became transformed into cloth . . . spinners and weavers remained financially dependent on the lanaiolo: the looms were borrowed or sold on a pro rata basis of payment by installments of work, or else they were pledged to the lanaiolo in return for work" (1998:105). On the power of the setaiolo, the merchant-entrepreneur in the Italian silk industry, see Piergiovanni (1993). See Borlandi (1954) for the power of the merchant in the fustian industries.

49. Nor is Henri Pirenne (1937:19) or André Sayous (1934).

50. See Braudel (1992b:70).

51. The 13th-century merchant-entrepreneur was very active. "Disposing of lots of capital, he controls the import of raw materials, the export of the finished product, bears the risks created by the disparity of markets and controls all the stages of the production process while determining the rhythm of it" (Sosson 1991:280).

52. For the importance of Champagne and Flanders cloth in the Genoese market of the 12th century, see Krueger (1987), Reynolds (1929, 1930), and Laurent (1935:1–20). For the significance of Scottish and Spanish wool production for export, see Ewan (1990:68–91) and Childs (1978:72–106). For the impact of market fluctuations on transformations in the textile industry, see Munro (1991). For evidence that cheap Northern cloths exported to the Mediterranean in the 13th century exceeded those of luxury woolens, not only in volume but also in aggregate value, see Chorley (1987). The importance of the trade in cloth is confirmed by Malanima (1987:351): "In the 13th century, large scale trade became increasingly linked to the trade in textiles: of all the goods that traveled across the Mediterranean these were the most valuable. In comparison the spice trade had become a secondary affair, with not only a more limited scale but also a much lesser value since a sack of Flemish cloths was equivalent in value to between three and five sacks of

strength from a far-reaching division of labor, employing both semi-skilled and unskilled workers in large numbers[53] (Van der Wee 1988:320; Heers 1965:57). As an example, in the Flemish textile industry from the 12th century onward, each of the tasks described was performed by a specialist: breakers, beaters, washers, oilers, carders, combers, spinners, weavers, fullers, tenderers, teaselers, shearmen, dyers, pressers, pickers, greasers, and so on (Munro 1988:1–27; Cardon 1999). Further specialization within a single manufacturing process also took place: "The dyers, for example, subdivided themselves into groups which concentrated on a particular color" (Van der Wee 1975:204; see Heers 1976:219). Braudel is convinced that the boom of the 13th century arose out of the proliferation of the newly created division of labor (1992:315). This increasing division of labor, particularly apparent in the textile industry but also found in the mining industry,[54] had a significant impact on social stratification and

spices." Indeed, according to Ashtor, "the [long distance] trade of bulky commodities, like cotton and alkali ashes, yielded much more than that of spices" (1985:376). Interestingly, the significance of canvas-type cotton cloths during the 12th-century "birth of the European fashion industry" (Abulafia 1994:8) is evidenced by the etymology of the English words "jeans" (from Gênes) and "denim" (referring to "de Nîmes") (Abulafia 1998:342).

53. From 1356 to 1358 (after the great plague) between 59 percent and 67 percent of the population in Ghent (pop. 65,000) was involved in the cloth industry (Prevenier 1975:276–279; Lis and Soly 1979:10). The situation was more or less similar in Tournai, Maubeuge, Valenciennes (Bruwier 1992:261), and even higher in Ypres (Galvin 2002:136). In 14th-century Florence, a minimum 40 percent of the working population was employed in the textile industry (van Uytven 1981:292; Franceschi 1993:103). Jacoby claims that in 15th-century Catalonia, "between 40 and 60% of the population was engaged in the manufacturing of woolens" (1994:551). For 15th-century Leiden and Oudenaarde, one report estimates 34 percent and 50 percent of the population, respectively (Prevenier 1998:82) and for early 14th-century Dendermonde (pop. 9,000), about 40 percent (Prevenier 1983:261). In early 14th-century Bruges (pop. 46,000), more a commercial than an industrial city, the professionally active population employed in the textile industry fluctuated between 31 percent (Dumolyn 1999:53) and 37 percent (Blockmans 1997b:263). This was probably the case for other, smaller villages as well (Favreau 1989:172). On average, 34 percent of the population in the Low Countries resided in cities (Prevenier 1983:273). On recent population estimates of medieval Italian cities, see Hubert (2004:116).

54. See Braudel (1992:321–325), Pounds (1994:329), Molenda (1989), Braunstein (1987, 2001), and Sprandel (1968) for a long-term view of iron production in the Middle Ages. By the early 14th century, the impact of private capital from urban merchants investing in the countryside in order to extract minerals in Tuscany can be deduced from key clauses of mining laws that indicate "the separation of land ownership from the rights to the subsoil (which allows the deposits to be exploited by a person other than the owner of the property) and the possibility that exploitation can be undertaken by several persons in a partnership, who adopt a capitalistic structure comprised of partners, salaried workers, and 'magistri' or directors of the enterprise" (Piccinni 1994:225). While many mines were initially exploited by the nobility, the medieval bourgeoisie took over this role in the early 14th century (Hesse 1986:437–438; van Uytven 1988:552); "the prospection and exploitation of mines was conducted completely by private initiative and the local bourgeoisie" (Menant 1987:786–787). By 1400, leading mining towns such as Kutna Hora in Bohemia employed 4,000 to 4,500 miners (Pollard 1997:179) although even higher figures have been suggested (Koran and Vanecek 1962:32). Most importantly, "during the 13th to the 14th century the mass of

polarization.[55] The leather and metal industries (lead, tin, copper, bronze, silver, gold, and iron and their finished products) were also affected: "Metal-working guilds had divided as early as the thirteenth century into several dozen independent professions and trades" (Braudel 1992:v.2:315). Metal-working gradually ceased to be a part-time occupation of the farming community and became the full-time pursuit of professional iron-workers: "Medieval Europe witnessed a mass production of metals that, due to the nature of the enterprise, the modalities of work, and the functioning of markets, cannot be interpreted in the framework of mere artisanal production" (Braunstein 1994:23).[56] Merchant capitalists who dealt in bar iron first invested in ironworks and then leased and operated them (Pounds 1994:327).[57]

At the same time, the steadily increasing population in Europe[58] during the economic upturn of the mid-13th century resulted in massive land reclamation.

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working miners were freemen working for a weekly wage" (Koran and Vanecek 1962:37). In less economically advanced regions such as Poland, foreign merchants (acting as Verlegers) controlled much of the profits derived from ore mining (Molenda 1976:157–166).

55. Thus Flanders and northern Italy had developed a genuinely capitalist mode of "production in which the workers had effectively become wage earners, a proletariat, owing nothing but their labor, even though there were as yet no factories and the workers worked in their homes . . . the employment of these workers was subject to the fluctuations of the international market which they did not understand and over which they had no control. It is not surprising therefore, that both areas were beginning to experience industrial strife: strikes and urban revolts" (Koenigsberger 1987:225). For an overview of working conditions in the Western European Middle Ages, see Wolff and Mauro (1965) and Fossier (2000).

56. Metal-working contributed significantly to international trade, such as in Huy and Dinant in the Low Countries (Jansen 1989:360–361). By 1430, the expansion of the metal industry in the areas of Namur, Liège, and the Haut-Palatinat (due to the construction of ever larger "hauts fourneaux"), lead to a takeover of the industry by merchant capitalists (Gillard 1971; von Stromer 1991:46–47). For the metal industry in Northern Italy, cf. Braunstein (2001). For the putting-out system in the Low Countries in the 14th and 15th centuries, cf. Arnoux (2001).

57. Paper, glass, mirror, and crystal making and shipbuilding were also important industries (Wolff 1989:49–53; Favier 1996:188; Ashtor 1981:279–280). According to Modelski and Thompson, the Venetian Arsenal, "where standardized galleys were constructed along an assembly line, can probably claim to be one of Europe's first modern industrial factories" (1996:237). For the importance of capitalist relations in the medieval building industry, see Hodgett (1972:135–136). For medieval international trade and the "rise of an English merchant class", see Miller and Hatcher (1978:79–83; 1995:181–254).

58. One cannot deny the impact of the considerable population growth in the 13th century. One result was that not everyone could live from his own land, which in turn led to more "self-employment, dependence upon trade and a greater availability of wage labor" (Britnell 1993:104). The latter is, of course, very important. According to Goldthwaite, the labor contract in medieval Florence was "thoroughly monetized. The employer calculated wages entirely in precise monetary terms, he rarely paid in kind . . . paid no more for longevity on the job, and provided no social and health benefits for unemployment, accidents or old age . . . that even the humblest of men thought about their wages and daily purchases in the abstract language of moneys of account rather than in

As the new expanding urban centers placed greater demands on the agrarian economy (Mackenney 1987:78–79), reclamation of land from the sea, particularly around great river estuaries, became very important. Once the sea had been excluded from the area, the land proved to be excellent, fertile, flat and stone-free soil (Ponting 1993:125). Such reclamation of land was very impressive in Flanders and Holland (specifically in the areas of peat moors),[59] although the greatest progress was made in Northern Italy (Pounds 1994:170). Investments were also made in reclaiming the wet and fertile valley of the Po River and in creating polders in the Low Countries (Alberts and Jansen 1964:74–79; TeBrake 1985). For the merchants in 14th-century Milan or Venice, and for the burghers in Bruges or Ypres, the idea of land as a commodity that one could acquire, improve, and profit from was quite natural (Pounds 1994:109–110; Ponting 1993:154). Thus land reclamation (Verhulst 1990b:54–55) became, in its turn, an important aspect of capital formation (Smith 1991:100).

Where then does the "incorporation" of new arenas—defined by a world-systems analysis as the "historical process by which non-capitalist zones are absorbed into the capitalist world-system, [and where] inhabitants of territories that have been outside are brought into the system through colonization, conquest, or economic and political domination" (Dunaway 1996:455)—fit into this discussion? Could the creation of the Crusading states in the Levant in the 12th century—a region that was strongly interlinked with intercontinental trade—or the Reconquista of the Iberian Peninsula (ending in 1492) not be interpreted as an *identical* form of expansion, subjugation, domination, and exploitation as Spain's conquest of the New World, albeit on a smaller scale?[60]

It is clear that the colonialism practiced by city-states such as Venice in the Eastern Mediterranean (Wolff 1986:214–215; Luzzatto 1954:117–123; Dennis 1973) or by Genoa in the Black Sea area (Balard 1978, 1992; Scammell

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terms of medium of exchange is a mark of the extent to which their attitudes were conditioned by the practice of offsetting [or giro transfer on private accounts] within the framework of a written accounting record" (1991:649).

59. The production of peat was important in the Low Countries from the 14th to the 17th century (Leenders 1989:251–271).

60. See Bernard (1976:292–293) in general. See Thiriet (1977:XIII, XV), Jacoby (1999), and Laiou (1992:X:177–198) for medieval Crete; Poisson (1995, 1997); Abulafia (1993:I:28–29), Tangheroni (1995), and Day (1983:198–200; 1984:700–701) for medieval Sardinia (which primarily exported grain, salt, and metals); Cancellieri (1989) for Corsica; Hocquet (1989) for certain parts of Dalmatia; and Ashtor (1978:VI; 1978b), Jacoby (1979:VII), and Prawer (1972) for the Levant in the Middle Ages. The case of medieval Sicily (Abulafia 1977), however, is more doubtful (Epstein 1989), while the North African states in the Western Mediterranean were simply too strong for the Italian city-states to colonize outright (Jehel 1993:66; Dufourcq 1990:III).

1981:162), was not simply political but also financial (Day 1985; Astuti 1970).[61] For instance, the steady "colonization of the Byzantine Empire" by the Italian city-states (Thomson 1998:63–96), resembling the political and economic dependence of the 20th-century third world (Oikonomidès 1979:130), cannot be separated from the acquisition of raw materials such as alum—"indispensable for textile production in western Europe" (Verhulst 1998:110; Dahl 1998:40), cotton—vital to both the textile and candle industries in Lombardy and South Germany (Mazzaoui 1981:43–44, 102–103; Ashtor 1992:II:263–264), or cheap alkali ashes—for the European soap and glass industries (Ashtor 1992:II:269; Jacoby 1997:IX:69). In a steady process that lasted two centuries (1150–1350), the power of the once-formidable Byzantine Empire was gradually undermined, its "manufacturing and commercial potential drained by the dominance of the Italian capitalist city-states" (Angold 1985:37), forcing more and more of the Empire into a subordinate position within the unfolding inter-regional division of labor.[62]

Laiou concludes that the Italians who controlled the market "did not allow the Byzantines to develop their own manufactures. It is not insignificant, nor accidental that the textile industry which had flourished in the Morea until the 12th and early 13th century declined, for the most part, in subsequent centuries."[63] The glass industry in Greece was "replaced by imports from the

61. This is particularly evident when one scrutinizes the relation between the Byzantine Empire and the Italian city-states:

> As to the question of the division of labor, the answer is to some extent evident from the description of the economic function of the [Late Medieval] Eastern Mediterranean; this is an area whose main exports are food, raw materials, or the re-export of eastern luxury products, while its primary imports are manufactured articles from Western Europe. It was Western traders, especially the Italians, who ran and dominated this market; for they had the access to the Western markets, they controlled the sea lanes and therefore communications with their ships, they created and controlled the information mechanism, and their needs dictated the currency transactions. (Laiou 1992:VII:182)

62. The city-states' commercial colonies in the Eastern Mediterranean had, "because of their nature and administration a striking contrast with the feudal world around it" (Halpérin 1950:30). Nevertheless, the Eastern Mediterranean colonies were slowly but steadily integrated into the expanding division of labor of Western Europe, which imported food and raw materials from the East and re-exported its manufactured commodities in return (Laiou 1982:13). Despite this, one should also not forget to take into account the practices of colonialism implemented by the city-states vis-à-vis their respective hinterlands/contado, which was equally important for the supply of food and raw materials to the city (Blomquist 1969:69) since "the creation of urban wealth through the monopoly of the sources of raw materials" (Nicholas 1976:28) was generated in this socioeconomic/political periphery.

63. "The connection indeed, was seen by some contemporaries. . . . Cardinal Bessarion complained that even in the Peloponnesus, the Byzantines had allowed themselves to become importers of manufactured goods and had even lost the art of making woolen cloth" (1992:VII:187). Furthermore, "Byzantine governments failed to deliver sufficient essential force and projection of political influence to enable Byzantines to compete on equal terms with the entrepreneurs of the West" (Pryor 1997:211).

West" (Laiou 1982:15) during the latter's 13th-century economic upturn, while the Byzantine Empire's provinces "became increasingly specialized in form of production, [yet] less closely tied to Constantinople and more connected to other parts of the Mediterranean world" (Pryor 1997:206). These developments coincided with specific policies implemented by the Italian city-states; according to Jacoby (1994:558), the government in the Venetian metropolis "focused on the immigration of specific professional groups, with a clear emphasis on textile craftsmen, in order to promote industrial development," while in its colonies no industries were allowed that would compete with those of Venice (Scammell 1981:122). Not surprisingly, "ship-patrons were warned not to accept as passengers skilled artisans who wanted to emigrate from Venice and craftsmen who emigrated were threatened by many [Italian] governments with heavy punishment" (Ashtor 1992:VIII:20). In Genoa as well, drastic laws were issued "against any attempt at establishing competing workshops in her own colonies" (Lopez 1964:527).

In the long run, the balance of payments between the city-state and its colonial territories was favorable to the metropolis (Balletto 1976:123). Richard even goes so far as to claim that by the late 14th century, a city-state such as Venice "is increasingly becoming a colonial rather than a commercial power and her riches come above all from the exploitation of her insular domain" (1977:I:23). Essentially, the sustenance of major merchant capitalist city-states in Europe and the preservation of their "recurring growth" cannot be separated from the continuous (re)construction of the colonized periphery that served as a source of foodstuffs and raw materials (Jacoby 1979:I:45; Balard 1985:259), and as a market for the city-states' industries. Many similarities exist between these forms of colonialism in the Eastern Mediterranean and later forms in the Atlantic (Balard and Ducellier 1995, 1998; Balard 1989, 1990; Verlinden 1970).[64]

If all of these parallels exist, what is it that originates around A.D. 1500 that is so modern (Verlinden 1984)?[65] This criticism is not only directed at the

64. A close investigation of sugar production in Cyprus and Crete in the 14th century, as well as on the Madeira Islands, the Canary Islands, and the Azores in the 15th century, reveals that this strategy of capital accumulation was copied and transplanted on a much wider scale in the "New World" after 1500 (Heers 1981:12; Solow 1987; Galloway 1977; von Wartburg 1995; Verlinden 1972), as was the slave trade—a growing source of profit during the Middle Ages (Verlinden 1977)—that went hand in hand with it (Thiriet 1977:XIII:63–64). Although the transformation into an exploitable colony was quite gradual (Richard 1983:VIII; Mercer 1980), insisting on a *fundamental difference* between forms of "medieval" and "modern" colonialism, as Bartlett (1993:306–313) does, is not warranted (Lewis 1978:IX:37).

65. In other words, "Forms of investment which one can already qualify as capitalist were largely known and used, both in rural and urban environments, at sea and on land. . . . it is important to realize that the system of capitalism that existed in Protestant countries during the Early Modern Era, originated in forms of capitalism that had developed considerably during the Late Middle

Wallerstein version of world-systems analysis but also, to a certain extent, at Arrighi (who takes the story back to approximately A.D. 1400).[66] Venice may indeed have been the first "true prototype of the capitalist state," as Arrighi (1994) points out, but why does he only look to the Italian city-states to explain the origins of capitalism (Cistozvonov 1978; Meyer 1981:58)? Thus the concept of commercial capitalism is applicable to the Late Middle Ages throughout the entire Western European inter-city-state system (Chaunu 1969:311) and its historical continuity is undeniable (de Vries and van der Woude 1997:159–165; Hunt and Murray 1999; van Uytven 1974). Consequently, a rethinking of the temporal predisposition put forward by the world-systems analysis is needed. Let us then discuss the spatial predisposition of world-systems theory; that is, the emergence of capitalism within Europe.

Spatial Predisposition

For Wallerstein (1984:23), the transition from feudalism to capitalism took place on the European continent. Such a conclusion begs the question: Should we attribute the transition to internal or external transformations? Wallerstein (1974, 1980) focused on the transition within Europe, as it coincided with Europeans' impact on others (i.e., 16th-century colonies) and subsequent contributions to European economies in general (Wallerstein 1983). But the emergence of capitalism can hardly be explained by focusing exclusively on certain transformations within Europe or more particularly Northwestern Europe (Sweezy 1976; Takahashi 1976:74), or on the "internal contradictions" in England and France (Dobb 1976:59 and Brenner 1985). Consequently, other world-systems literature has attempted to analyze the impact of external factors on Europe prior to the 16th century. According to Abu-Lughod, for example, the linkages that existed in the 13th and 14th centuries constituted a system since "all these units were not only trading with one another and handling the transit trade of others, but had begun to reorganize parts of their internal economies to meet the exigencies of a world market." The effects of this interdependence were so great that a decline in one region contributed to a decline elsewhere. In comparing a cluster of interlinked regions with one another and in analyzing their common commercial network of production and exchange, one cannot help but wholeheartedly agree with Abu-Lughod when she states that

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Ages" (Contamine et al. 1993:403–409). That said, I do not deny the qualitative shift that occurred in the 16th century when a *global* division of labor took place and when the inter-state system replaced the inter-city-state system. City-states were simply too small for the ceaseless accumulation of capital on an ever-wider scale; Genoa and Venice could colonize and exploit their rural hinterland or their colonies (Scammell 1981:106; Laiou 1982:16) within a core–periphery relationship, but not the Americas (Boris 1991:108).

66. As does Rénouard (1949:197–250) in his studies on 15th-century capitalism.

"it would be wrong to view the 'Rise of the West' as . . . an event whose outcome was attributable exclusively to the internal characteristics of European society" (Abu-Lughod 1989:355–361). This coherent holistic approach, which undermines the nation-state as the exclusive unit of analysis, is one of world-system theory's most valuable contributions to explaining the emergence of capitalism.[67] But it still leaves the question: Why did capitalist features occur in Europe and not, for example, in West Africa (Sanderson 1996:512)?[68]

The Inter-City-State System of the Middle Ages

Certain specific phenomena within medieval Europe may have stimulated the emergence of capitalism there, and not elsewhere. Although some in the world-systems school have advocated *civilizational underpinnings* as the reason for the emergence of capitalism in Europe, I prefer to stress the importance of the European inter-city-state system.[69] In this part of the chapter then, I propose an alternative theoretical framework[70]—that is, that capitalism was appearing in Western Europe from the late 12th century onward.

As discussed earlier, most capitalistic phenomena found in the 16th century were already apparent in the urban centers of medieval Western Europe; for example, wage labor, the specialization of industries, a complex division of labor, class struggles, profits from trade (derived from the fact that entrepreneurs who own the means of production are involved in specialized production and competition), complex financial techniques, and the systematic construction

67. In this perspective, it makes no sense to claim that one single nation-state was "the cradle and nursery of capitalism" (Macfarlane 1988:185).

68. The critics of Eurocentrism raise the question: "Why speak of transition to capitalism only for Europe? Indeed, why not abandon the notion of transition altogether in favor of a constant evolution of a system in existence for a long while?" (Amin 1993:251). Blaut contended that between 1000 and 1500, the whole world was moving in the direction of capitalism (1993). For an interesting case study of Japan, see Sanderson (1994).

69. Merrington refers to the "independent growth of urban capital" in the Western city in contrast to the Eastern one: "In China 'city air' made nobody free" (1976:178). See Bairoch (1989:227–231).

70. It is not my intention to merely deconstruct theoretical perspectives and plea for nothing more than historical research in order to come closer to an "objective Truth" (e.g., Grassby 1999:61–73). Historians' incessant warnings of "imprudent generalizations" (Sosson 1990:348) and "pretentious and ill-founded grand hypotheses launched by some sociologists" (Dyer 1991:1) should not, however, be taken as absolutes—for what is history without theory? As Hardach put it: "Economic history without theory is just as little thinkable as theory without empirical foundation and verification" (1972:46). Equally problematic, in my view, is the notion that "interconnections" and "exchanges," whether cultural or economic, are somehow separate from power and domination in the real world (e.g., Berg 2004 and to a certain extent Pearson 1998).

of an exploitable periphery to further the ceaseless accumulation of capital.[71] These capitalistic features became more and more apparent in Europe after A.D. 1100 and the mutual existence of feudalism and capitalism was entirely possible up until about 1350. All of this took place within an inter-city-state system, before any sort of crisis caused one type of logic (the capitalist one) to dominate the other (the feudal one). Similar to the inter-state system that came into existence later, there was constant competition in the Middle Ages due to the "absence of a unicentric polity, that is, the existence of a multicentric political structure over most its space" (Mandalios 1996:283). In recognizing the importance of the political nature of the city-state system, together with the existing economic system of merchant capitalism (e.g., Epstein 1993), one disarms the criticism that a world-systems analysis entails "viewing political processes as epiphenomenal in relation to economic causation" (Zolberg 1981:255).

For Hicks, "the fact that European civilization has passed through a city-state phase is the principal key to the divergence between the history of Europe and the history of Asia" (1969:38). In focusing on the European medieval inter-city-state system, I do not wish to homogenize the European town because it existed in different forms (Delumeau 1998). But it should be emphasized that all over Europe, the cities at some point reached a very high degree of autonomy, sometimes independence, ruled by a small minority of their population—their elites (Prevenier 2002)—resulting in a patriciate (Stouff 1992; Boone 2005:12). This is what distinguishes them from, for example, Chinese (Deng 1999:108, 199) or Islamic cities (Udovitch 1993:792; Labib 1974:237; Abulafia 1987:405), where merchants could not acquire significant political and military power to the same degree.

True, the inter-city-state system of the 12th to the 15th centuries had more interregional trade characteristics (Holbach 1993b) than the predominantly local, autarchic productions that characterized Europe prior to the 12th century or the more international flows that would shape the world-economy in the 16th century. But one should not forget that "many aspects of the commercial exploitation of property that have been identified for the early sixteenth century had interesting equivalents two centuries earlier, at a time when the volume of commerce was probably greater" (Britnell 1998:115).[72] Therefore, I

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71. It is the *combination* of these features that constitutes a capitalist system. Profits derived from surplus value are *not* necessarily "of greater historical significance" (Heilbroner 1985:66) than those derived from unequal exchange. Mollat spells out the similarity between 16th- and 14th-century profits: "The intensity and the frequency are new during the 16th century, not the phenomena themselves" (1977:I:45). Or as Mauro notes: "As far as financial, commercial and industrial techniques is concerned, nothing new happens after 1500. The difference is the multiplication of phenomena" (1988:758). See Lopez (1952:320), Bratianu (1944:57), and Jehel (1993:438–440).

72. Therefore, "the assumption that English society was commercializing more rapidly [in the 16th century] than during earlier centuries" (Britnell 1998:115) has to be abandoned. One should

suggest analyzing the qualitative shifts that occurred in Europe in the 12th century and the shaping of the political inter-city-state system within the mostly interregional trade networks, as it was these factors that eventually resulted in the 16th century emergence of the capitalist world-economy, one which had an interstate system with international—indeed intercontinental—trade networks.[73]

In acknowledging that the commercial specialization between the 12th and 14th centuries was a feature of regional development (Britnell 1995:16, 24) and of growing regional markets, which can in turn be linked to processes of state formation (Malanima 1983, 1986), I suggest looking to regional studies (e.g., Derville 1996; TeBrake 1985; De Wachter 1996; Terlouw 1996; and others) to help situate and analyze the emergence of capitalism within the Middle Ages (Morimoto 1994:17). Drawing on the Brenner approach, one can also investigate the extent to which class formations constantly changed over time and when, during the Middle Ages, the juridical basis of economic power within the feudal logic gradually became less significant and capital accumulation became the logic of an increasing number of merchant-entrepreneurs. Another very important and related issue is the correlation between the power of a certain area's nobility vis-à-vis its peasants and the location of that area within the geographic, socioeconomic, and geopolitical realities of the early modern European region.[74]

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note that the rural population of England and France was potentially greater in circa 1300 than in the early 18th century (Titow 1961:218; Delatouche 1989:36; Bois 2000:65). The volume of trade prior to the outbreak of the plague in the mid-14th century should not be underestimated, *even when compared with* the early 16th century. Scholars may make much of the banking activities of the Medici in the late 15th century, but the capital at their disposal—their economic power—was clearly inferior to that of the Peruzzi of the early 14th century. This is also reflected in the fact that "their employees numbered well below those of the Peruzzi and were not much more numerous than those of the Acciaivoli, the third ranking bank in the pre-plague period" (Lopez and Miskimin 1962:424–425).

73. The qualitative shift from an inter-city-state system to an inter-state system cannot be separated from the creation of a capitalist world-economy. Within the emerging European nation-states, the merchant class not only aspired to occupy crucial posts in the bureaucracy and the administration (e.g., Prak 1992:192; Galland 1998; Glete 2000:64; Dumolyn 2001), but it regularly used the (mercantile) state's strength to support its own colonial and capitalist strategies all over the world, as these practices were rooted in the policies of medieval city-states (e.g., Baratier 1970:338; Lopez 1970:347). Although it is not true that the phenomenon of city-states is unique to Europe (as is claimed by Bauer and Matis 1988:92)—since they can be found elsewhere, such as on the littoral of the Indian Ocean throughout the Middle Ages (Lombard 1988:15; Curtin 1984:121)—it was only in Europe that merchants managed to retain such political power in the transition to an interstate system (Rodinson 1970:32). This explains the emergence of medieval Western Europe capitalist societies "that had been constructed on the resources accumulated within international commercial networks" (Berza 1941:430).

74. In 13th-century Britain, peasants could run away from the land that they lived on to escape a nobleman's oppression. But as Britnell (1993:75) points out, this implied "exchanging the likelihood

It seems clear that the medieval inter-city-state system (12th–15th centuries) had a specific political framework: local authorities (i.e., the oligarchy—essentially a commercial capitalist class from A.D. 1200 onward; Derville 1997:125; Boone 1997:44) created deliberate poverty-relief policies that kept in check the poor, who often "were not willing to jeopardize their miserable allowance" (Blockmans and Prevenier 1978:56), thus maintaining them in a perpetual state of dependence (Gonthier 1978:340).[75] It is not surprising then that in urban revolts "we find among the ringleaders craftsmen in well defined categories who had suffered loss of income or status . . . it was not paupers who led the fray but groups with a certain level of prosperity which they felt was threatened" (Blockmans and Prevenier 1978:56–57; see Rotz 1976). Indeed, the aforementioned governmental policy of the urban merchant elite determined the urban workers' maximum salaries. With regard to cloth production (the economic backbone of city-states in the Low Countries), the "magistrate worked hand in glove with the entrepreneurs" (Brand 1992:17; see Jansen 1982:176 or Van der Wee 1975:208), determining a wage that was to the advantage of the employers (Prevenier 1978:418). The same is also true in the Italian city-states (Mollat 1986:200) and in some German city-states (Halaga 1983; von Stromer 1991:44).[76] In most of Holland, the established elite succeeded in preventing the guilds from becoming powerful pressure groups; Count William III even forbade the formation of guilds in 1313 (Brand 1992:25).[77]

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of economic security for the certainty of insecurity [since] even if he was sore pressed by the exactions of his lord, custom would normally ensure that a hereditary tenant could feed his family from year to year. To abandon that hereditary right was to commit himself to a life dependent upon wage-earning." While such actions were risky in 13th-century England, they were less risky in 13th-century Flanders where the socioeconomic and geopolitical reality of the peasants living in proximity to the urban core was very different. The far-reaching division of labor in Flanders and the employment of large numbers of skilled and unskilled workers (especially in the textile industries) significantly lowered the risk for peasants as far as rural migration to the city (and wage-labor) was concerned. This in turn had an impact on the power of the nobility. One can then question the extent to which English peasants' opportunities were altered according to the hierarchical core–periphery relation between, for instance, England and the Low Countries in the 13th century on the one hand, and the change in England's socioeconomic and geopolitical position within the early modern European region in the 15th century on the other (see infra). The same question can be raised regarding the freedom of peasants in Eastern Europe and the urban core of the Low Countries from the 14th to the 17th centuries (see supra).

75. This "social policy was clearly inspired not by Christian charity but by those of capitalist enterprise . . . public poor relief controlled the relative surplus of population in the towns and exercised supervision of the labor-market" (Blockmans and Prevenier 1978:56). Cf. Soly (1975:584–597) and Maréchal (1984).

76. In France, the existence of a merchant oligarchy that had taken economic and judicial control over multiple French cities can already be observed in the writings of Philippe de Beaumanoir in 1283 (Bove 2004:21).

77. A common feature in the 13th century was "a steady multiplication and fragmentation of guilds, [which was] deliberately fostered in places (Venice, Siena) by a calculated merchant policy to divide

The strict wage policies in the textile industry were not surprising; it was precisely because of the fierce competition in the regional and international markets that the only effective way to make a profit was to keep wages down while increasing production (Carrère 1976:489). This was done by exploiting the fullers and to a lesser extent, the weavers, who even in periods of economic upturn could hardly make ends meet (Brand and Stabel 1995:203–204, 219; Boone and Brand 1993).[78] In general, the medieval working class was a readily

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and rule" (Jones 1997:250). According to Brand, drapers in the Dutch city of Leiden "were the only people with sufficient capital to purchase raw materials, pay wages and to run some risks [while] spinning, carding, combing, fulling and dyeing were done mostly by unskilled laborers. . . . First, the producers, descendants of the circle of small independent artisans, managed to climb to the position of merchant and capitalist. Second, some traders began to control production directly and thus became capitalist industrial entrepreneurs. Wealthy artisans focused on the concentration of labor, i.e. they invested in central workshops where laborers were put to work for low wages in order to market the final product at the lowest possible price. But entrepreneurs centralized production and divided it into a broad spectrum of treatments. Since the various stages of production could be done by relatively simple means, and much of the work was done within the family, investments were low. This system had many advantages for the drapers and strengthened their power over the part manufacturers; it was also a result of the differentiation of tasks which resulted in little mutual solidarity among the waged laborers, so that any attempt to revolt could easily be suppressed . . . the entrepreneurs (industrial capitalists working in close co-operation with the urban government) frustrated the emancipation of artisans by way of the putting out system and a repressive wage policy. The artisans' way to the market was cut off and they were robbed of any possibility of organizing in politically influential guilds" (1992:26–32). Howell (1986) incorrectly classifies the textile industry in Leiden as "small commodity production" (Brand 1996:169–180). The suggestion that small commodity production was supported by some urban elites who preferred a "moral community" (DuPlessis and Howell 1982:80) over profits and capitalist relations, hinges upon the erroneous dismissal of subcontracting on the one hand, and the view that corporatism would somehow be antithetical to merchant capitalism on the other (Lis and Soly 1997b:12–17; Derville 1987b:723; von Stromer 1991:35–38; Schneider 1955:404). Merchant capital's control of the "productive sphere" (Heers 1965:66–68) was more impressive in the early modern period than some are willing to admit (e.g. Bois 2000:201).

78. "In the Low Countries, textile guilds had very limited powers in controlling the supply and cost of their inputs, including labor, and thus in setting most wages. Furthermore, their price-setting powers were limited, since they could not prevent competition in their major markets" (Munro 1990:44). "The so-called weaver-guild was in reality an association dominated by master weavers who, as the chief industrial entrepreneurs, organized production by a domestic putting-out system. Most of their employees were unprotected, defenseless females whose piece-work wages the weaver-drapers controlled without difficulty" (Munro 1994b:383–384). Not only merchant-entrepreneurs, but even some 14th-century German city-states (ruled by the commercial elite) acted as "Verleger" in employing poor unemployed women as textile workers (von Stromer 1989:877). The drapers' employees were subject to the regulation of the urban industrial "police," who guaranteed the quality of the product (Yante 1984:432). The raw materials were owned, and the work directed by businessmen, making the day laborers little more than the kind of proletarian factory workers of the 19th century (Gutmann 1988:28–29). Effective resistance by the working poor within the city-states was difficult though violent strikes did occur (Boone, Brand, Prevenier 1993). According to Geremek, "the cost of raw materials and the instability of the market, coupled with increasingly complicated technology demanding specialized skills and an extensive division of labor, often forced the craftsmen to submit and work for the merchants and entrepreneurs who organized production" (1994:64–65). In addition, many workers had no control

available pool of (often seasonal) extra labor, exploited when it was seen fit to do so. Furthermore, it was a labor pool whose numbers increased thanks to child labor:

> Journeymen worked in shops that had a number of boys or girls [working] for meals and a place to sleep at night. These children served also to remind the journeymen that they had competition for work, especially in the unskilled trades. (Epstein 1991:120)

Although many children performed low-skilled work in the textile industry because they were easily exploitable, many women—although this was not an absolute—were also relegated to the bottom of the occupational hierarchy (cf. Pelizzon 1999). A 12th century text by Chrétien de Troyes clearly reflects the complaints expressed by young female textile workers about their working conditions:

> We will always weave silken cloth, and be no better clad thereby; we will always be poor and naked, and we will always be hungry and thirsty; never will we be able to earn enough to be better fed. We have only a very scanty supply of bread: not much in the morning, and less in the evening, for from the work of our hands each of us will never have any more than four deniers out of each pound to live on; and from this we cannot have enough food and clothing, for she who earns twenty sous in a week is in no way at the end of her troubles. And here we are in poverty, and he for whom we toil is rich from our earnings. We stay up large part of the night and every day we work to earn our bread . . . we suffer so much shame and harm that we cannot tell you the fifth part of it. (Ackerman et al. 1977:88–89)[79]

Some 13th-century merchants were also able to concentrate their power in the workplace (Hodgett 1972:137–156; cf. Derville 1972:360–361); they bought the raw materials to make cloth, controlled and supervised its fabrication, and preoccupied themselves with the selling of the finished product in the marketplace (Haquette 1997:882).[80] It should be noted that capitalism not only

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over the price of primary resources (wool), since it had to be imported from distant countries. (In the case of Flanders, it first came from England and Scotland, and eventually, Spain.)

79. For the complex sexual division of labor in the Middle Ages, see Howell (1997), Kowaleski (1995:153–154), and Stabel (1999).

80. This also occurs in late 14th-century Holland (Kaptein 1998:43) and 13th-century England, where entrepreneurs "bought wool and had it washed and dyed; they gave it out to carders and spinners; they employed weavers and fullers throughout the town, under stringent supervision,

intensified in the cloth industry of the Low Countries, but also in the Italian city-states that were competing in the expanding European market,[81] which in turn was part of a larger world-economic system (Abu-Lughod 1989:356–361).

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at piece-rates fixed by themselves; and they sold the finished cloth at the great fairs of eastern England" (Miller and Hatcher 1995:112). In a study on trade in Exeter, Kowaleski points out that "a closer look at the commercial relationship between cloth merchants and cloth workers suggests that the capitalist clothier so common in the 16th and 17th centuries had begun to emerge by the late 14th century" (1995:150). Indeed, even small English towns such as Stratford-upon-Avon were affected by the international textile trade: "the monks of Winchcombe Abbey, who held three manors within easy carting distance from Stratford, contracted to sell the wool of their whole estate in the early 14th century to Italian merchants" (Dyer 1997:56–57). According to Lis and Soly, in 14th-century Cologne and Florence the "overwhelming majority" of weavers were working directly or indirectly as subcontractors for wealthy merchant-weavers who "controlled all stages of the production process" (1994:372–373; see also Favier 1998:185). The practice was also widespread in Flanders and Brabant (Lis and Soly 1997:229). In late 14th-century England, the practice of dyers working for merchants (or weavers and fullers for local gentry and clergy) *on a contractual and subcontractual basis* was quite widespread. The resulting "dependence of cloth workers on wages or payments from clients who contracted for their labor [through task work or piece work]" (Kowaleski 1995:153) is striking. The practice of subcontracting not only took place in the textile and construction industries (Small 1989), but was also extended by the Italian city-states into the realm of warfare (France 1999:134).

81. Strengthened by larger profit margins, the greater firms swallowed up the smaller, reducing many petty masters and independent craftsmen to the penniless status of wage-workers, proletarian *sottoposti*. And as the workforce expanded, terms of employment hardened. "Under the pressure (or pretext) of competition, working hours, including night hours, were stretched to the limits of endurance, wage rates lowered to what in many places by the 14th century was near starvation level, and wage earnings depressed by payment in debased coin or by truck in overvalued goods, and by loans and pay advances which tied workers to employers as much as peasants to landlords by rigid bonds of poverty and debt" (Jones 1997:251; see Ferguson 1962:271–272). Fullers in 14th-century Ghent were mostly paid by the piece (Boone and Brand 1993:173), as were wool combers and carders in 13th-century Genoa (Epstein 1988b:120) and weavers in 13th-century London (Britnell 1993b:369). This, of course, made their income unstable since it was subject to economic conjunctures and price fluctuations (van Uytven 1982:208; Derville 2002:106). In 14th-century Florence, one can also see "the contours of the 'modern' wage laborers emerge: people who are neither artisans, nor serfs, but employed en masse, interchangeable, controlled by a foreman, and 'free' to sell their physical strength for a paycheck. Their contemporaries did not call them salaried workers but instead labeled them Ciompi to indicate their miserable condition" (Stella 1989:544). The lowest social strata of the agricultural workforce were no better off than the urban proletariat, since landless laborers were also "dependent only on wage income: . . . sawyers were employed on a flat daily-wage and at a piece-rate paid per 'hundred' feet of board sawn" (Clark 1991:234). Although most studies focus on the exploitation of urban-based wage laborers who often constituted a majority of the population within the city limits (Luzzatto 1954:135; Sosson 1979:232), wage labor in the countryside was anything but exceptional; in 14th-century England, "the proportion of people who obtained most of their living from wage work must have exceeded a third of the whole country, rising to two-thirds in parts of the east" (Dyer 1989:213). Only after the Black Death did wages go up (Gavitt 1981), although this increase should not be exaggerated (Perroy 1964:244–245; Brucker 1972:161; Bois 2000:98, 136) since most workers continued to spend at least half of their wages on bread (Ashtor 1970:19–20); a considerable increase in purchasing power was only notable among the more skilled workers (Sosson 1979:259, 268).

In addition, due to the restructuring of markets and a deliberate policy of the entrepreneurs, capital was constantly "reallocated from urban centers to the countryside (Heers 1963:121–124; Saey and Verhoeve 1993:107) as the latter "offered more abundant and cheaper part-time agricultural labor, with a lower cost of living, virtually tax-free production, and an escape from specific guild and urban regulations" (Munro 1994b:378; see Geremek 1994:116).[82] This capital reallocation (i.e., investments in the countryside), which continued unabatedly up to the 16th century (e.g., Prevenier, Sosson, and Boone 1992:164–166), also caused increased investments in technology such as wind and water mills, the use of which was often opposed by urban guilds (van Uytven 1976:93).[83] This "shift to lower wage zones and the possibility of further intra regional diversification" (Van der Wee 1993:205–208) was generally in direct competition with the urban proletariat (Brand and Stabel 1995:220), causing the guilds of larger towns such as Brussels and Ypres to organize futile "warlike expeditions to destroy looms in the rural areas around the towns" (Van der Wee 1993:209).[84] The guilds, however, were only able to eliminate

82. Holbach notes: "Labor costs were the main motive for the relatively early transfer of weaving into the countryside. The transplantation of labor intensive tasks to cheaper centers of production intensified in the late Middle Ages [and] jeopardized the economy of the older centers.... In drawing the countryside's resources into the production process, 'putting-out' presented (merchant and wealthy artisan) entrepreneurs with considerable competitive advantages. Older cloth towns could lose jobs to the countryside [while] entrepreneurs had more elbow room and could always transfer production to other places in order to evade unpleasant stringent regulation" (1993:238–243). According to Stabel, "average wages in the countryside were only 60 to 70% of those in the towns of the same region" (1997:131). Van der Wee (1998) notes there may be a correlation between increasing "reallocation" processes in the Low Countries and the implementation of an "import-substitution" strategy in 14th-century England; as the island was transformed from a raw producer of woolens for the Low Countries' textile industry to a producer of textiles, there was an increase in competition and a subsequent need to reduce wages within the Low Countries. Nevertheless, not all "production sites" were reallocated to the countryside since urban locations offered some advantages: e.g., better coordination and supervision of the specialized labor required for high quality luxury cloth; urban financing (Munro 1990:45); and lower transaction costs (if the textiles were made in an entrepot like Bruges—an entrepot/"gateway city" crucial for the international trade flow into the Flemish urban network (Stabel 1995, 1997)—and linked directly with the international market.

83. According to Pacey, "By 1250–1300, the foundations had already been laid for the later technological ascendancy of Europe" (1978:39). These technological innovations and techniques (e.g., mechanical fulling displacing labor power where water power was available) became widespread in the early 14th century (Carus-Wilson 1952:410–411; Heers 1965:64) and their socioeconomic implications should not be underestimated. In 14th-century England (pop. 6 million), there was a mill for every 400 to 600 people; in 14th-century France (pop. 17.6 million) it was 440 persons per mill (Langdon 1997:284–285). For the impact of wind and water mills on textile production in the Low Countries, see van Uytven (1971).

84. In the Low Countries, only Ghent was successful in controlling its immediate rural hinterland (Thoen 1992:56–57; Boone 1990:191–197). For an overview of military expeditions organized by urban militias against the competing drapery production in the countryside, see Nicholas (1971:75–116, 203–221).

competition from those rural surroundings located within a radius of a couple of miles (Thoen and Verhulst 1986:54).[85]

The expansion of a putting-out (Verlag) system beyond the town walls was primarily characteristic of labor-intensive tasks like combing, carding, and wool spinning (Holbach 1993:235–236). While many urban-centered industries eventually managed to adapt to the changing socioeconomic situation—for instance, by specializing in higher quality products—(Munro 1977:231), it is likely that in several cities (especially those that had no right to store grain), the wages of many unskilled and unorganized workers remained structurally insufficient (Sosson 1979; de la Roncière 1982:381–461; Blockmans 1983:88). For most urban-based unskilled wage laborers, the fear of massive "downsizing avant la lettre" and long-term unemployment was also a daily reality (Jones 1997:253). Clearly the cities' dependence on the market for textiles made them vulnerable to social unrest, especially given the "unbending interests of exploitative capitalism" (Mackenney 1987:29). Not surprisingly then, social explosions could be sudden and extremely violent during periods of economic recession (Milis 1989:68; Cohn 2004). Thanks to inflation, the social discontent in urban centers was specifically focused on wages (Epstein 1991:116; Prevenier 1998:83; Munro 1979:111) and workplace abuses such as the length of the work day (Geremek 1968:103–104) and the truck system (Munro 2003:2002).[86] Occasionally, the protests even took the form of vague socialist and communist

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85. The way Ypres and Ghent terrorized their hinterlands in the early 14th century in order to protect their cloth production monopoly resembles Wallerstein's core–periphery model (Prevenier 1997:196). The Italian city-states were generally the most successful at subjugating and dominating their rural hinterlands, the contado (Stabel 1997:73; Redon 1994), although the same can be said about cities with a "vignoblium," the equivalent of a "territorium" (Le Goff 1998:238–239). But since, within a hierarchical division of labor, the countryside was subordinate to the city-state, and since the city-state enforced its virtual monopoly on the distribution of goods to urban and rural populations alike (Stabel 1992:352), the rural industries were at times more complementary to rather than competitive with their urban counterparts. Undesirable work, such as tanning, was often performed in the countryside because of the "annoying smells and pollution generated by the process" (Kowaleski 1995:160). At the same time, one should consider the extent to which the so-called upper class (*buitenpoorterij* or *bourgeoisie foraine*; i.e., people who migrated from the city—whilst retaining their citizenship—to the countryside or wealthy countrymen desiring citizenship) strengthened (juridically, socioeconomically, and politically) the city's control over its surrounding hinterland (Thoen 1988a:480–490; 1988b:448–449; Boone 1996:715–725) and similarly, the extent to which the "landowning rural membership of an urban guild linked the town with the political life of its hinterland" (Carpenter 1997:63). By the mid-15th century, about one in four inhabitants residing in the Flemish countryside had obtained this status.

86. In 14th-century Paris, artisans worked up to sixteen or seventeen hours per day in the summer and around eleven hours in the winter (Geremek 1968:81), a very harsh work regime indeed. "Social strife was rampant and workers attempted to increase their salary or reduce the length of their working day. In Paris and Auxerre workers in the textile industries or in the wineries stopped working at the agreed-upon signal and organized strikes, but mostly in vain" (Rossiaud 1998:470). English workers were expected to "be at their posts before 5 am, take breaks of no more than two hours in total, and remain at work until 7 or 8 in the evening" (Woodward 1994:14). See Yante

aspirations, as when the weavers and fullers of Valenciennes in 1225 deposed the government, despoiled the plutocrats and declared a commune (Carus-Wilson 1952:399).[87]

According to Pirenne (1939:226–245), the 14th century brought about something of a revolutionary climate. Thanks to its trade connections, Flemish radical doctrines spread and influenced Wat Tyler's movement in England at the end of the 14th century (Pirenne 1947:199). Although some of Pirenne's writings have been meticulously questioned in the last twenty years,[88] it is hard to deny the significance of the social strife related to living and working conditions in the Middle Ages (Roux 1994:102–117).[89] The Ciompi revolt in Florence is probably the most renowned revelation of the deep social and political grievances (Hay and Law 1989:249–251; Stella 1993) and the popular

(1990:372), Boone and Brand (1993:184), and Rosser (1997:27), but also Holbach (1993:229) and the literature cited therein.

87. The most violent demonstrations occurred in economically advanced cities: Douai in 1245, Arras in 1253, Genoa in 1258 and 1276, Siena in 1257, Ypres in 1280, Viterbo in 1281, Bologna in 1289, and Florence in 1293–1295. Interestingly, most protests were located in Flanders and northern Italy (Mackenney 1987:2; Pirenne 1963:94–109; Leguai 1976).

88. For example, Despy and Verhulst (1986).

89. Britnell points out that, as far as medieval England was concerned, one should "reject the supposition that standards of living improved for the whole population between 1180 and 1330. . . . The subdivisions of holdings and competition for employment pushed living standards downwards for the poorest families. Piece rates deteriorated during the period of commercial growth between about 1270 and 1320 [while] the merchant class was larger and wealthier in 1330 than in 1180" (1993:125–126). This is precisely what occurs on a *global scale* in today's capitalist world-economy: a minority's (located in the core) standard of living increases, while the majority in the periphery faces relatively more poverty and deprivation. This is no coincidence. Between 1100 and 1350, those parts of England that were peripheral to the urban nexus in the Low Countries provided the core with grain on a regular basis (Adams 1994:147). Some scholars even describe England as having been an economic colony (Rosenberg and Birdzell 1986:76; Cazel 1966:110; Van Houtte 1974:392) since it was essentially "underdeveloped, a primary producer, lacking the expertise and infrastructure to process its rich natural resources effectively" (Raban 2000:56; see Munro 2000:108). It was only after "import substitution" took place in the late 14th century (Ashtor 1992:VIII:17) that its textile production for the international market increased, while its wool exports gradually decreased (Gutmann 1988:36; Prevenier 1973:494–495; see Ramsay (1974) for this transformation). Another important example from the late 14th century onward was how the urban core of the Low Countries turned to the Iberian Peninsula to sell more of its textiles (Verlinden 1976:110) and to extract raw materials (wool) for these industries (Van Houtte 1974:392). This had profound implications for the Iberian Peninsula's socioeconomic development; in Castile, 1.5 million sheep were estimated to have produced wool circa 1350, while a century later the number was 2.7 million (Favier 1996:181) and by circa 1500 it was about 10.5 million (Alonso 1997:65). Thus considerable parts of Spain supplied raw materials, which the Genoese and Flemish industries "turned into profitable products marketable elsewhere" (Fernández-Arnesto 1987:115). For Castile, this eventually brought about "a colonial economic structure characterised by the sale abroad of raw materials, the most important of which was wool [while] economic growth did not entail a significant expansion in the production of finished products" (MacKay 1977:170).

element in those revolts is undeniable (Mollat and Wolff 1973:7). For Lestocquoy (1952:131–137), the social struggles and the "egalitarian social visions" (Howell and Boone 1996:322) that emerged in the second half of the 13th century resemble those of the period 1830 to 1848.[90] The existence of "class consciousness" should not be dismissed either (Prevenier 2002).

The effect of international competition due to market pressures was very real, ultimately inducing the urban textile centers to shift their production to more exclusive luxury goods (for which demand was less elastic), while the countryside took over the role of producing the lower-quality bulk products (Stabel 1997:144; Abraham-Thisse 1993b:172–173). However, the question remains: To what extent was the 14th century "international urban network" (Bartlett 1993:176) truly integrated (Stabel 1997:72), when traces of "interurban specialization" could already be found (Van der Wee 1975:205)? Regional economies were certainly interconnected (Masschaele 1997; Kowaleski 1995; Wolff 1995:65), while concurrently, regional "identities" were in the making (Babel and Moeglin 1997). International trade was also becoming more important.[91] What remains to be explored, however, is the degree to which the economies of scale and economic differentiation in the Middle Ages had a considerable impact on uneven regional development *in the long run* (Ashtor

90. With regard to the "social struggle" in the medieval Ages, Heers (1963:315) warns us not to interpret the warring factions as the expression of social classes. Indeed, like all other social constructs, the emerging bourgeoisie should not be treated as a static phenomenon but as a class in the process of perpetual re-creation and hence, one which constantly changes its form and composition (Wallerstein 1979:224, 286). While the social strife of the Middle Ages cannot be simplified as class warfare between the urban "proletariat" and the "bourgeoisie", as if they were homogeneous entities (Prevenier 1988:57; Heers 1974:647), and given that workers did not perceive themselves solely in terms of "social and economic distinctions" (Rosser 1997), it is undeniable that the "social issue," symbolized by the serious tensions between the lower and higher social strata, was extremely important (Jordan 1998:132–133) since "the dependence of city economies to international markets made their stability sensitive to external disturbances" (Britnell 1991:29). For a recent useful overview of urban rebellions in medieval Flanders, cf. Dumolyn and Haemers (2005).

91. It should be emphasized that Western European city-states not only had to import their foodstuffs from increasingly greater distances, but that the urban industries also often depended on long-distance trade to provide them with vital "supplies of wool, cotton, silk, alum and dyestuffs" (Britnell 1991:29; see Heers 1958). One example is the English wool produced for the textile industries in the Low Countries and the Lombard towns (Lloyd 1977). "To take a single commodity: by the opening of the 14th century lords and peasants were directly or indirectly selling abroad the wool of over seven million sheep" (Campbell 1995b:553). In the following years, "the demand for English wool increased" (Lopez 1952:329), while from the 15th century onward more wool from Spain and the Balkans was imported concurrent with the demand of the Northern Italian industries (Van Houtte 1974:392–393). The existence of medieval villages specialized in the production of ceramics that were in turn exported hundreds of kilometers also testifies to the remarkable specialization and expanding interregional if not "international" division of labor (Chapelot and Chapelot 2000:124–125,138–139).

1978b; 1983:375–433, Mokyr 1990:44 or Meyer 1981:66).[92] Exploring the long-term impact of the inter-city-state system on the evolution of Western European economic history is a necessary endeavor. Ultimately the medieval city, existing "in the margins of the feudal system" (D'Haenens 1982:42) with its "division of labor and its impulses on the monetary economy brought about a fermentation process in the feudal mode of production that destroyed it in the long run" (Le Goff 1998:15; see Dobb 1947:70; Tuma 1979:89). The medieval city therefore needs to be understood because it is a crucial variable in the long-term history of Western Europe.[93]

Tentative Conclusions

Like later nation-states (Giddens 1981:12, 148), medieval cities were essential to the development of capitalism (Crone 1989:167). In my view, it was the city-states' political system(s) that had a crucial impact on long-term European socioeconomic processes; it was these political systems that enabled capitalism to grow, thrive, and ultimately expand into a world-economy. Therefore, it is necessary to recognize the importance of early modern cities as the "power

92. Cf. the critical tone of Abulafia (1997:36–39), Galloway (1977), Epstein (1991b:50), and Day (1981), and the tentative conclusions of Balard (1998).

93. In referring to an inter-city-state system, I do not wish to downplay the importance of the countryside in the Middle Ages or in the 'transition debate' (Hoppenbrouwers and van Zanden 2001). After all, 80 percent to 90 percent of all Europeans lived there (Bois 2000:138). Although I would not go as far as Szúcs who claimed that "the dense medieval urban network exercised an absolute form of domination over the whole existing socioeconomic structure" (1985:26), it is clear that "the modernization of the commercial infrastructure was only possible after the emergence of European cities who created ever more, new and optimal conditions for an increase of productivity and thus allowed successive series of increasing growth" (Van der Wee 1981:14). Cities are the key to the "international commerce [that] had become an extremely dynamic sector, of a vital importance to the growth of the European economy" (Van der Wee 1981:10). Cities were labeled by some as the "nodes of capitalism" (Rosenberg and Birdzell 1986:47) and the "hot spots of growth in the pre-industrial world" (Horlings 2001:97) since in many regions of Western Europe "a shift of economic emphasis from the countryside to the towns and cities [occurred]" (Tuma 1979:58). Much of the socioeconomic changes in the countryside were, after all, "fueled by urban demand [which] stimulated an intensive and highly commercialized agriculture" (Yun 1994:116; see Menant 1993:293; Derville 2002:96). Without cities, it would not have been feasible or sensible for agricultural producers to specialize and commercialize (Halpérin 1950:32–33; Wrigley 1978:301). Last but not least, it was primarily within cities that capital accumulation took place, since in the countryside "the margin between incomes and outcomes was just too small to leave room for a significant accumulation of capital" (Toch 1986:180). Moreover, the rural nobility spent most of its surplus on urban-based goods or services, thus redirecting a lot of the cash flow back into the city (Spufford 1981:622; Lopez, Miskimin, and Udovitch 1970:98). Ultimately, I have to agree with Rodinson that "the origins of capitalism cannot be explained, as Marxist dogma considered, by means of a unilinear evolution of agrarian relations of production. It is from an essentially urban development that one needs to start" (1978:67).

containers" of the bourgeoisie. The same policies and techniques of domination and exploitation experimented with and implemented by elites in the medieval European city-state system were later used by the elites of nation-states during the 16th and 17th centuries to foster their ceaseless accumulation of capital.

The comparative analysis of European and non-European regions (China, India, and Northern Africa) developed in the following chapters will hopefully bring about new insights on how socioeconomic history was profoundly affected by different political systems. In order to avoid Eurocentric biases, one must stress the impact of medieval non-Europe on Europe (as opposed to the idea that European "medieval development" was nothing but "auto-development" [e.g., Delatouche 1989:26]). At the same time, one has to be somewhat Eurocentric in order to pin down the specifics[94] that contributed to the qualitative shift on the European continent between A.D. 1000 and 1500. This comparison is not meant to imply that other regions were less successful at trade, waging war, or achieving technological innovations throughout the Middle Ages. Nor is it a judgment of these other civilizations. It is, however, an attempt to examine how the convergence of *both* internal and external (thus *relational*) developments can provide a sound analytical basis to explain why and how capitalistic features came into being in certain parts of Europe[95] or West Asia and subsequently spread over the world.

I do not challenge the fact that after 1500, capitalist logic intensified because of the "the great maritime discoveries" (Sée 1928:41)[96] and the subsequent profits based on increased trade and exploitation of "non-Europe."[97] Nor do I deny the emergence of an inter-state system after 1500 or the shifts between different hegemonies (e.g., Arrighi 1994). How then can one accept general concepts of the world-systems analysis and explain the emergence of

94. The historical evolution of Europe cannot be "copied" in the Third World, as some modernization theorists would argue.

95. It is only for hermeneutic convenience that I use the word *Europe*.

96. The link between world accumulation in the 16th century and capital accumulation prior to the 16th century has been acknowledged by Frank: "The production and concentration of merchant capital which had originated within the Italian cities proved to be essential to accomplish the voyages of discovery and the creation of the first global commercial network" (1977:32). This nevertheless leaves us with the question: How did these capitalistic features first appear in medieval (Italian) city-states?

97. It is clear that after 1492, "the combined output of central European and American mines supplied the treasuries of western Europe with large quantities of precious metals. The accumulated resources induced them to increase their commercial activities with the East. In due time, the influx of silver, coupled with the high value placed on this specie in the East, enabled Europeans to monopolize the trade of Asiatic countries and subordinate their economies, thereby laying the foundations of European domination and colonialism in the region. This domination ultimately enabled the Europeans to [channel] wealth and resources from every corner of that continent back to Europe" (Bozorgnia 1998:180).

capitalism in the late Middle Ages?[98] If one accepts the fact that merchant capitalism was already maturing in Europe prior to the 16th century, the development of a true *world*-system after 1492 is not empirically challenged. What needs to be rethought and explored is the emergence of capitalism in medieval Europe before it expanded into a world-economy. This emergence could be seen in the exploitation of wage labor; class struggles; the reallocation of capital; the exploitation of a peripheral countryside by an urban core; the substitution of labor power with technological inventions (e.g., wind and water mills) in order to minimize labor costs and further the endless accumulation of capital; the commoditization of the material world; and the rationalization of the spiritual world. In short, modern features of contemporary capitalism found their roots in the Middle Ages. "As the high Middle Ages unfolded, European societies experienced impressive rates of economic growth in terms of real GDP per capita" (Snooks 1996:305). And it was precisely within the urban nexus of medieval Western Europe that this self-sustained economic growth was accomplished (van Uytven 1987:127).[99]

Such recurring growth was not, however, an isolated phenomenon located within one city-state and its countryside; to claim that Western Europe managed to create some kind of take-off solely due to its internal features would be a gross exaggeration. The presence of a large number of industrial activities such as mining, textile production, glass-making, shipbuilding, and so forth throughout the whole urban nexus (i.e., Southern England, the Low Countries, parts of France and Germany, and Northern Italy) substantially enhanced "the demand for both foodstuffs and land" (Hatcher 1969:217) and thus created the possibility for deepening interregional trade networks (Richard 1974;

98. This must be done without using the extreme form of holism embodied in Frank's post-1990 research. When he claims that "our world system began thousands of years earlier," he does not seem to realize that while most of the historians he is quoting in his lengthy review talk about trade linkages prior to A.D. 1500, they do not claim that the Eurasian market "rested on a truly international division of labor with a unified monetary system" (Frank 1990:165, 197).

99. For Blockmans (1997:30), the 11th century is the moment that brings about recurring growth: "The eleventh century gave Europe a new face and set in place a dynamic which was never interrupted and is still maintained on a global scale. . . . The continuous growth of production and of population, together with the formation of states and the development of a capitalist market economy, started in that period. In some areas these developments took place earlier than in others, but the trend was established. . . . Here and there there was stagnation and regression, but the dynamic of the system continued to be operative over the long term, and still is." Blockmans presents convincing evidence in his magnum opus on the longue durée. What is problematic, however, is his Eurocentrism. In dealing with ten centuries of European history, Blockmans hardly pays any attention to other civilizations or even to the issue of colonization, a neglect he legitimizes by stating that "with the exception of the effects of Arabic science in southern Spain and Sicily during the Middle Ages, influences from outside Europe only became decisive in the twentieth century" (1997:30). Given that this was written in the late 1990s, it is an extreme "internalist" position.

Weczerka 1982).[100] Therefore the growth of its urban economies cannot be properly understood without capturing the vital importance of the international long-distance trade between Europe and non-Europe, as Abu-Lughod (1989) pointed out.[101] Nor can one separate the ceaseless accumulation of capital in the core from the creation of multiple peripheries (colonial or neocolonial overseas territories that provided cheap labor, raw materials, and markets). Furthermore, although "economists have customarily excluded fraud and coercion because we have thought that they are not empirically significant elements in the ordinary economic transactions of an enterprise economy" (Stigler 1982:24)—which would explain why "economists generally loath contemplating the uses of violence in the economic sphere [as] there seems to be a feeling that it cannot be a 'true' or 'fundamental' basis for any sustained economic gain" (Findlay 1992:159)—the *historical reality* of capitalism proves otherwise.[102]

As I have attempted to demonstrate, the modernization theory, orthodox Marxism, Brennerism, and world-systems analysis all have certain problems with regard to explaining the emergence of capitalism in the medieval period. A recurrent theme among them is the "backwardness" of the Middle Ages: a stagnant artisan economy, a "feudal system in crisis," waiting to be swept away by modernity disguised as capitalism. This theme often points to the easy, yet misleading, dichotomy of a "feudal" versus a "capitalist" era (Heers 1992:35–36). Unfortunately, as Britnell puts it, the "distinction between medieval and modern times, entrenched in pedagogical tradition since the dawn of formal

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100. Hatcher's example of medieval ports in England is quite illuminating. Precisely because of their integration into a wider regional economy, they seem to "have weathered the economic storms" of the post-plague period much better than others (1969:226). See Carus-Wilson (1973) for 15th-century Coventry.

101. Because of the expansion of the Pax Mongolica over the Eurasian landmass, the markets expanded for Western European city-states and the division of labor in most of their industries subsequently increased between 1250 and 1350 (Bratianu 1944:38–42; Balard 1983). Nor can the remarkable growth of a commercial city such as Lajazzo, for instance, be separated from the Pax Mongolica (Jacoby 1989a:VIII:148; Racine 1972:202). Only when trade across Eurasia became more difficult after the disintegration of the Pax Mongolica (Nystazopoulou 1973:571) did the Europeans revive attempts to circumnavigate the African continent (Richard 1970:363). The interest in gold and slaves was also crucial to the Portuguese/Genoese efforts to bypass Muslim intermediaries and explore Africa in the 15th century (Phillips 1985:135–136; Favier 1996:198–199; Scammell 1981:164).

102. "Classical trade theory is utterly divorced from the historical realities of slave ships and silver argosies. The international division of labor did not result from the operation of the law of comparative costs because the world's trading nations were *never* equal partners. On the contrary, it was *centuries of unequal exchange* that created a 'chain of subordination' and led to the division of the planet into developed and underdeveloped regions" (Day 1999:114; emphasis added). Thus, "Europe's miracle can not be disentangled from its military and economic domination of more populous quarters of the world" (Reid 1999:1).

history teaching" still exists (1998:113). Instead, one should attempt to look at the Middle Ages without prejudices and see how, why, and to what extent the embryonic forms and features of capitalism came into being, matured, and were capable of transforming themselves in the 16th century. In attempting to comprehend the political and economic structures crucial to explaining the transition, I hope to move beyond the limited focus of the nation-state as unit of analysis (Subrahmanyam 1998:42). Only then will we be able to better comprehend the essential, yet complex, features of the capitalist world-economy in which we live today.