

THREE PATHS OF NATIONAL DEVELOPMENT IN SIXTEENTH-CENTURY EUROPE

Immanuel Wallerstein
McGill University (Montreal)

In the search to comprehend the world system of our day, few have turned towards analysis of the political economy of sixteenth-century Europe. Yet such an analysis is extremely relevant, not only because the modern world system was created there then, but because most of the processes that explain the workings of this system are to be found there in their pristine form, and hence can be examined with greater clarity.

The modern world system originated in the sixteenth century, the "long" sixteenth century as Fernand Braudel has called it, that is, from 1450 to 1640. This was the period in which was created a European world economy whose structure was unlike any that the world had known before. The singular feature of this world economy was the discontinuity between economic and political institutions. This discontinuity made possible and was made possible by the creation of capitalist forms of production, not only in commerce and industry, but most important of all, in agriculture.

World economies had existed before in history—that is, vast arenas within which a sophisticated division of labor existed based on a network of trade, both long-distance and local. But wherever such a world economy had evolved previously, sooner or later an imperium expanded to fill the geographical space of this economy, a single political structure—such as Rome, Byzantium, China. The imperial framework established political constraints

which prevented the effective growth of capitalism, set limits on economic growth and sowed the seeds of stagnation and/or disintegration.

By a series of historical accidents too complex to develop here, the nascent European world economy of the sixteenth century knew no such imperium. The only serious attempt to create one—that of Charles V and the Hapsburgs—was a failure. The failure of Charles V was the success of Europe.

The way the European world economy operated in bare outline was simple enough. The geographical limits of this world economy, determined largely by the state of technology at the time, included northwest Europe, which became the core of the system during this period, eastern Europe (but not Russia) which, along with Spanish America, became its periphery, and the Christian Mediterranean area which, having been at the outset an advanced core area, became transformed in the course of the sixteenth century into a semiperiphery.

Core, semiperiphery and periphery all refer to positions in the economic system. The core areas were the location of a complex variety of economic activities—mass-market industries such as there were (mainly textiles and shipbuilding), international and local commerce in the hands of an *indigenous* bourgeoisie, relatively advanced and complex forms of agriculture (both pastoralism and high-productivity forms of tillage with a high

component of medium-sized, yeoman-owned land). The peripheral areas, by contrast, were monocultural, with the cash crops being produced on large estates by coerced labor. The semiperipheral areas were in the process of deindustrializing. The form of agricultural labor control they used was intermediate between the freedom of the lease system and the coercion of slavery and serfdom. It was for the most part sharecropping (*métayage*, *mezzadria*). The semiperiphery, in transition, still retained for the time being some share in international banking and high-cost, quality industrial production.

All this added up to a world economy in the sense that the various areas came to be dependent upon each other for their specialized roles. The profitability of specific economic activities became a function of the proper functioning of the system as a whole: profitability was generally served by increasing the overall productivity of the system.

Groups seeking to protect their economic interests in the political arena found that while the economy spread over a vast world, this world was made up of a multitude of political entities of varying forms. In the core states there evolved relatively strong State systems, with an absolute monarch and a patrimonial State bureaucracy working primarily for this monarch. The venality of office and the development of standing armies based on mercenaries were the critical elements in the establishment of such a bureaucracy.

By contrast, the critical feature of the periphery was the *absence* of the strong State. In eastern Europe the kings gradually lost all effective power to the "kinglets"—the aristocrats turned capitalist farmers—the Junkers with their *Guts-wirtschaft* in east Elbia, the nobles with their private armies and strong *Sejm* (parliament) in Poland, etc. In Spanish America, there was no indigenous State authority at all, the relatively weak bureaucracy operating in the interests of Castile (or Portugal in the case of Brazil), and the local *encomenderos* and *dona-*

tarios playing the role of east European aristocratic capitalist farmers.

The semiperiphery once again was in-between. By the end of the long sixteenth century, the decline of State authority was clear in Spain and in the large city-states of northern Italy (where the power of foreign monarchs and local estate-owners grew). Southern France (Languedoc), which was economically parallel, was an area of strong and multifarious resistance to the expansion of French central authority, one of the key loci of political uprising.

The operation of this system will be made clearer if we look successively at three particular areas, each representative of one role in the world system: Poland in the periphery, Venice in the semiperiphery, and England in the core.

In the fourteenth and fifteenth centuries the social structure of Poland was not markedly different from that of France or England. The State was somewhat less strong because of the impact of the era of invasions just previously, but not markedly so. The demographic contraction of Europe had led there, as in western Europe, to increased rights of the tiller of the soil vis-à-vis the landowner (the decline of feudalism). Polish merchants flourished and Polish towns were growing, at least to the same extent again as in the west. And indeed the signs of religious resistance to the dominion of the Mediterranean lands were as visible there as in Germany or England. Indeed, when the Reformation began, it would spread to Poland too, and at first would show the same vigor there—amongst the same groups—as in western Europe.

In the fourteenth and fifteenth centuries Poland had begun to expand her export of wheat and wood via the Baltic to the Low Countries and from there to England and northern France. When the population of Europe began rapidly to expand in the fifteenth and sixteenth centuries, there came to be an ever larger market for Poland's products. There was great financial return available to Polish landowners able to increase production to meet the increased demand.

Polish nobles began to use various devices at their disposal to expand their demesne, that is, land whose productive activity they directly managed. This was not too difficult. The problem was less to acquire land than to acquire an adequate supply of farm labor. The rate of exploitation was increasing, given the lure of profit. Peasants had however a recourse. There were vast unoccupied lands in parts of Poland, especially in areas of western Ukraine, then a part of Poland. Peasants simply ran away—either to colonize new lands or to the towns. In order to prevent this, Polish nobles secured legislation tying the peasants to the land—the so-called second feudalism. This was less a case of reciprocal rights and duties than of simple coercion of low-cost estate labor.

What happened to the increased production for the market? It was shipped, much of it via the Vistula, to Gdąnsk (Danzig), then by ship to the Low Countries, especially Amsterdam. In the beginning the Polish nobles on their estates sold their goods to Polish merchants who took them to Gdąnsk. But since the nobles had ancient exemptions from taxation which the merchants did not enjoy, it soon became obvious that it was more profitable for the Polish aristocrats to organize their own transport to Gdąnsk. This began the decline of the Polish bourgeoisie, which had the additional advantage for the nobility of eliminating a rival element on the local *political* scene. Although the tax exemption was only supposed to apply to products grown on noble land, soon the nobles bought the products of independent peasants and mixed them with their own produce, thus further economically undercutting the Polish bourgeoisie.

But Polish aristocrats did not wish literally to transport these goods. They needed technical personnel. For this role, they employed non-Poles—Jews, Germans, Armenians. (It is striking that at the very moment that Jews were being expelled from the states of western Europe they were being welcomed into the peripheral areas of eastern Europe.) Obviously a non-Polish bourgeoisie offered no

political threat to the Polish aristocracy.

In Gdąnsk the produce was sold largely to German merchants and placed on ships, increasingly on Dutch ships, for trans-shipment. As the long sixteenth century went on, this channel of trade became increasingly secured by a system which can only be called international debt peonage.

The Polish aristocracy was faced with a chronic shortage of funds—the same as the nobilities of western Europe at this time. The era of economic expansion was one of expanded investment and, even more importantly, of expanded luxury consumption. To keep up, aristocrats had to borrow. The German merchants of Gdąnsk lent them money against the following year's produce. This led to liquidity problems for the German merchants who, in turn, borrowed money from Dutch international merchant-bankers against the following year's shipments. As with all such cycles of debt, it was hard to extricate oneself. This meant that the creditor assured himself not only of a good price for his purchases but also of the exclusion of rival purchasers.

Meanwhile, in Poland, as the nobility increasingly transformed itself into capitalist farmers exploiting low-cost labor, and the indigenous bourgeoisie declined (which meant also the relative decline of the towns), the king found both his tax base and his possibilities of political maneuver constrained. Over time, the effects cumulated, as the throne lost power to the parliament, and the central parliament lost it to local ones. (Incidentally, also, as part of this picture, the Counter-Reformation triumphed totally.)

Without a strong State and a strong indigenous bourgeoisie, there was no effective pressure to establish protective devices for local handicrafts. As the efficiency of western European products grew, they undersold Polish products, and a once significant local handicraft industry all but disappeared.

By the end of the sixteenth century, Poland epitomized what we would call, in twentieth-century parlance, a neocolonial state. It was a producer of primary cash

crops which it exchanged internationally for the manufactured goods of other countries. The local landowning classes were linked economically to the heartlands of international capitalism, governing enclaves which were part of a world economy, but the combination of which could in no sense be said to make up a national economy.

Poland was an open economy and most of its surplus was drained abroad. Forces that might sustain local nationalism were in acute decline and the partition of Poland in the eighteenth century was simply the logical culmination of a long process of gestation. Poland became, in the course of the sixteenth century, an underdeveloped country in the European world economy.

Venice at first sight seems to present an entirely different picture. In the High Middle Ages, Venice had been the core-state of a smaller Mediterranean regional economy, a prefiguration of the European world economy. Not only was it a center of trade, of finance and of textile production, but it had an imperium stretching down the Adriatic (Dalmatia) to the Aegean. Crete and Cyprus played the same role vis-à-vis Venice that the West Indies would later play vis-à-vis first Spain, then England. They were centers of sugar estates farmed by slaves, as well as slave marts for the surrounding region. The slaves were primarily Slavs and Tartars from the Balkans and the Black Sea, not black Africans, but the social system was the same.

Venice was linked to another center of regional economy, Bruges in Flanders, by an overland trade route via the Rhine and the Alps. Venice's merchant fleet serviced Mediterranean transport as the Dutch fleet would in the later sixteenth century come to service European sea transport. And her navy protected her position against rivals.

Venice was a thriving metropolis where the wealthier merchant classes controlled the State and the intermediate skilled workers were effectively "unionized" via the guild system. The underclasses were of non-Venetian origin.

When the Portuguese went around the Cape of Good Hope in 1497, they came momentarily to monopolize the pepper and spice trade from the Orient that had been one of the pillars of the Venetian economy. But this was only a temporary setback for Venice. For by the 1530s, and in collaboration with Arab merchants in the Indian Ocean and the Ottoman Turks who by now controlled not only Syria but Egypt, the Mediterranean spice trade revived and continued to expand. Neither the fall of Constantinople nor Portuguese explorations therefore had much to do with Venetian decline.

For Venice did decline. It declined as a center of trade because, with the creation of a European world economy, whose great waterways in the sixteenth century were the Baltic Sea and the Atlantic Ocean, Venice was no longer geographically central. Furthermore sugar production on Mediterranean islands had gradually exhausted the land and the manpower by the mid-fifteenth century. New lands and peoples had to be exploited—first the Atlantic islands (Madeira, Canary Islands, Azores, São Tomé and Príncipe), then the West Indies and Brazil.

With an expanding population but with increased numbers of bad harvests and consequent epidemics (due to slightly changed climatic conditions in the sixteenth century), Venice began to have problems of food supply. This was aggravated by recurrent quarrels with the Turks which, irregularly but often, cut them off from Syrian and Egyptian breadbaskets. East European grain serviced first northwest Europe and then Iberia. There was little left over to reach the Italian city-states by the long sea voyage past Gibraltar.

One solution was to begin to turn some capital into the exploitation of Venice's immediate countryside, the Terraferma. But the money expended there then could not be spent on renewing Venetian industry.

Venice had been a center both of shipbuilding and of textiles. In the case of shipbuilding, Venice was facing a wood shortage similar to its grain shortage,

while Amsterdam was cornering the major expanding source of wood supply at this time, the countries of the Baltic Sea. Furthermore, Amsterdam's technological advances, particularly the invention of the light and swift *fluyt*, further out-dated Venetian ships.

As for Venetian textiles, they were of high quality but very dear. No doubt this was splendid for the Renaissance nobility of the Italian city-states which indulged in the luxuries for which we remember them (not only fine clothing and furnishings, but art and architecture). But Venice was not geared to the new mass markets that were emerging in the sixteenth century—the middle farmers of northern Europe, the artisans, the lesser bureaucrats—all of whom had some money because of economic expansion and the general inflation, and who wished to purchase inexpensive and stylish (albeit less durable) cloths. England was to acquire much of this market at this time with the development of the "new draperies"—light, colorful, and much less costly.

One of the factors which made it possible for England to develop a new textile technology, whereas Venice did not, was that England was not burdened by Venice's yoke of a large fixed capital investment and a relatively rigid wage structure.

In England, when manufacturers found wage levels too high, they transferred their enterprises to the countryside where they found cheap water power and, even more important, under-employed farm labor willing and legally free to engage in part-time industrial labor. In Venice the guilds were strong enough to prevent such runaway "factories." In England, the guilds protested too, but less effectively, because they were less entrenched.

Venice seemed to shine very brightly as late as the first decades of the seventeenth century. But it was glitter and façade by then. Its trading role had been undermined, its industrial base outmoded and undercut. It took only the combined tragedies of a series of epidemics and the

Thirty Years War (which cut them off from their remaining important textile outlet, Germany) for it all to collapse.

Meanwhile, "wise money" had gone into the agricultural enterprises of the countryside. This was particularly true of church money. The decline of Venice also meant a decline of the Renaissance humanism its ruling classes had supported. Venice joined the rest of northern Italy in being deindustrialized and agrarianized. This process did not result in the total elimination of industry and banking. Northern Italy was not Poland. It did not become the periphery of the European world economy, only the semiperiphery. The cause of Poland's "underdevelopment" had been her slight backwardness at the beginning of the long sixteenth century. True, the backwardness had only been slight. But the very process of development of capitalism within a European world economy transformed the slight gap into a very large one. The refeudalization of Poland was an essential element in the industrial and commercial advance of the core-states.

Venice had the disadvantage of being too advanced, and rigidly so. She could not adapt to the demands of an expanding world economy, and geography, once in her favor, was now against her. So from being ahead of northwest Europe, she fell far behind. It would not be until the late nineteenth century that northern Italy would once again begin to industrialize (but Poland would not do so until the mid-twentieth century).

How then did England do it? England, in the late Middle Ages, was a colony of Europe, an exporter of raw materials (wool) for continental manufactures. Her trade was heavily in the hands of Italian and Hanseatic merchants.

In the fifteenth century, England undertook, with partial success, the indigenization of her commercial network. The Italians and Hanseates were circumscribed, if not yet entirely eliminated (note, however, that England was moving in the opposite direction from Poland in this regard). One of the reasons England could do this was outside assistance.

English import-export merchants, organized in the Merchant Adventurers' Company, established themselves in symbiotic relationship with the most powerful commercial network of the early sixteenth century, the merchants of Antwerp. The rise of Antwerp contributed to the strengthening of the indigenous English bourgeoisie.

In England, as elsewhere in Europe, the demographic decline of the fourteenth and early fifteenth centuries had led to a loosening of feudal bonds because of the increased bargaining position of the peasant. One consequence in England had been the pastoralization of much land. Sheep-raising required less manpower per acre than food products and offered at the time comparatively greater profits. Where land was not converted to pastoral use, large estates tended to be broken up and smaller units, managed by small and medium-sized producers (owners or tenants), began to be the pattern.

England's response to the economic expansion of the sixteenth century was to greatly accentuate these trends. This was the era of the first enclosures. But we must be careful here. For there were two kinds of enclosures—those made by the large landlord to expand pastoral acreage, and those made by the small landowner (the yeoman) to increase productivity on the tilled land.

In both these processes, the need of the landowner was not more manpower as in Poland but less. Men were forced off the land rather than forced to stay on it. Some went to the cities, as they were to go in the later enclosures of the eighteenth century, to become proletarians. But many more went in the sixteenth century to newly-colonized forest areas where they became the unemployed and underemployed available for the new rural industries, the wage-laborers of an increasingly commercial agriculture, and the vagabonds and brigands of which Elizabethan literature is so full.

It was in order to contain the social menace of this expulsion from the land that the forerunner of today's social

welfare legislation, the Elizabethan Poor Laws, were invented (similar legislation was being enacted in other parts of northwest Europe at this time). This legislation was designed to bear off urban rebellions by keeping the poor both from starving and from residing in the cities. It succeeded in its objective.

There was another solution for surplus population that was beginning to be used—emigration, first of all to Ireland, and then in the seventeenth century to the Americas. The incorporation of the Celtic fringe into England's national economy first starts seriously at this time. Wales was legally integrated with England and began to specialize as a cattle area with largely English landlords. The overflow of Welshmen pushed off the land went to England as subproletarians and filled the ranks of England's army as mercenaries.

A key factor in England's ability to cope with the new world economy was the relatively strong Tudor State, beginning with the so-called Henrician administrative revolution of the 1530s. The roots of England's State machinery are in part to be found in the legal homogeneity deriving from the Norman conquest and the relative isolation of an insular state. But neither factor was probably as important as the weakening of the nobility in the great internecine wars of the late Middle Ages (the Hundred Years War, the Wars of the Roses) combined with the emergence of other social groups amongst whom the monarchy could find allies, albeit temporary ones.

The absolute monarchy was of course not absolute, either in theory or in fact. It represented rather the first weak effort to establish State supremacy against local lords and outside powers—very strong by comparison with the situation in peripheral areas of the European world economy, but incredibly weak by comparison with twentieth-century governments.

The absolute monarchs were the focal point of the two great conflicting forces of the core-states of the nascent capitalist world economy: those new productive forces which were making it possible for

England (and France) to develop economically and for the monarch to assert himself internally; and those hierarchies derived from earlier times of which the monarch was the pinnacle and the exemplar and which were the other pillar of the monarch's strength. The famous gentry were among the first category. Gentry is a term that has caused much confusion because it indicates in this context less a legal category deriving from medieval law than an emerging social class of capitalist farmers whose social origins ran the gamut from the peerage to gentlemen esquires to the yeomanry.

Finally, the secret of England in this period was that she was able to strengthen her industrial base, not only vis-à-vis the periphery of the European world economy, but even vis-à-vis her chief rival-to-be, France. Indeed, John Nef argues that the period 1540-1640 in England can be called the first industrial revolution. One of the elements that contributed to this was the enormous growth of London and the relatively small size of England, the combination of which meant a very large internal market for a not too large producing area.

The Tudor monarchs juggled well and stayed on top of a tumultuous situation, giving the English economy enough time to make the transition from colony to core-state. While Poland became a monoculture and northern Italy was deindustrialized, England was developing a complex structure of multiple economic activities. England turned inwards just sufficiently to minimize the negative effects of outside forces that could have limited these developments, while gearing her economic activities for the capitalist world

economy of which she was now becoming a core-state.

The story of the long sixteenth century is far more elaborate than we have indicated here. We have made no mention of the role of the Western Hemisphere—its slaves, its serfs, its bullion. Nor have we spoken of the price of inflation, so central a feature of the economic expansion of the time. We have only touched upon the process of class formation within the world economy and its constituent states. The role of religious turmoil has been scarcely alluded to. We have furthermore omitted the whole story of the Hapsburg Empire that failed and of the decline of Spain, or the story of France which was torn between imperial and national aspirations, or of Amsterdam which was to provide the vital fluid of the later sixteenth century, or of the international banking networks. No mention has been made of the areas that were external to the European world economy of the time but in trade relation with it—Russia, the Indian Ocean, East Asia—and the ways in which the political developments of an external area were crucially different from that of a peripheral area (Russia versus Poland, Malaysia or India versus Brazil or New Spain).

We have sought merely to illustrate briefly how the economic development of particular states in modern times is and has been a function of their role in a world economy, and how the political developments within such states have reflected the pressures that derive from the consequences for various groups of the condition of this world economy at a given time.