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## David S. Landes: The Wealth and Poverty of Nations: Study Guide

Steven Alan Samson

*Liberty University*, [ssamson@liberty.edu](mailto:ssamson@liberty.edu)

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# DAVID S. LANDES: THE WEALTH AND POVERTY OF NATIONS: STUDY GUIDE, 2001-2006

## Steven Alan Samson

### INTRODUCTION

#### Study Questions

1. **Increased Life Expectancy** What has changed – in medicine and hygiene -- since the death of Nathan Rothschild of “blood poisoning?” What three products of the Industrial Revolution help promote healthier living and how? What are now the more common causes of death? (xvii-xix)
2. **Application of Science to Technology** Why is the division between the West and the Rest connected with the worry about environmental deterioration? Why is the gap between the rich and poor still growing at the extremes? Identify three schools of thought about the West-Rest dichotomy.

#### Review

three products of the Industrial Revolution  
task of the rich countries

growing life expectancy

### CHAPTER ONE: NATURE’S INEQUALITIES

#### Study Questions

1. **Hard Times for Geography** What gave geography a bad name? What other factors might account for the relative poverty of the tropics and subtropics?
2. **Effects of Environment** How are people differently affected by heat as compared to cold? How has heat influenced the division of labor? What has been the ultimate answer to heat? Why is winter the great friend of humanity? Identify two tropical diseases, their causes, individual and social effects, and remedies. What gives *schistosomes* and *trypanosomes* their staying power? How does slavery fit into this picture? How did the French begin reducing **malaria** even before understanding its causes? What are some of the obstacles to wiping out tropical diseases? (6-13)
3. **Water** What are some of the obstacles to reconciling human needs with rain forests and their valuable biodiversity? Why does urbanization in Africa rest heavily on food imports? What are some of the other water-related challenges in poor climates? (13-16)

#### Review

air conditioning in the New South  
snail fever  
germ theory of disease  
disease and human behavior

sleeping sickness  
malaria

effects of winter  
tse-tse flies  
drainage of swamps

# CHAPTER TWO: ANSWERS TO GEOGRAPHY

## Study Questions

1. **Temperate Zones** Why is parasitism the exception in Europe? What climatic factors favored European agriculture? How and why did Europe differ politically from the *riverine [hydraulic] civilizations* [associated with *Oriental despotism*]? What accounts for western Europe's warm winds and gentle rains? (17-19)
2. **Why Europe Was So Slow to Develop** What accounts for early *lacustrine* settlement? How did this pattern change? What view of the forests is preserved in folk memory? [See the chapter on Mother Goose in Robert Darnton's *The Great Cat Massacre*]. How did differences in horse breeding affect the outcome at the *Battle of Poitiers (732)* and the *Battle of Hittin (1187)*? Why did Europeans grow taller and stronger [Note the differences in fertilizers on page 20 and the footnote on page 21]? Why was riverine cultivation more labor-intensive? What accounts for the architectural wonders of Asia? (19-23)
3. **China** What accounts for early Chinese population density and growth? How did society and culture reflect the "**treadmill process**?" Identify five stages in its development over time. Identify some of the consequences of this labor-intensive, water-intensive energy model. Why did the Chinese diet know little of dairy products or animal protein? What were (are) some of the advantages and drawbacks of a rice-based economy? Summarize Karl Wittfogel's **hydraulic thesis**, which seeks to explain what Karl Marx earlier called **Oriental despotism**. (23-28)

## Review

Privileged European climate      Gulf Stream      *lacustrine* settlement  
North European forests      advantages of animal fertilizer over human night soil  
European health factors      advantages and disadvantages of rice cultivation in China  
role of Montesquieu, Hegel, Marx, and Karl Wittfogel: development of the hydraulic thesis

# CHAPTER THREE: EUROPEAN EXCEPTIONALISM: A DIFFERENT PATH

## Outline

- A. MARAUDERS (29-31)
  1. Norsemen [cf. Michael Crichton's *Thirteenth Warrior*]
  2. Saracens [Muslims]
  3. Magyars [Hungarians]
  4. How Europeans Countered These Thrusts
    - a. Norsemen: encirclement of raiders within villages
    - b. Hungarians: ambush of overloaded trains
    - c. Saracens: military escorts for caravans
  5. Consequence: Nomads Settled Down and Became Domesticated
    - a. Kingdoms replaced war camps
    - b. Warlords tamed into landlords
- B. WHAT LAUNCHED EARTH ON PATH OF GROWTH AND DEVELOPMENT (31-36)
  1. View of the Classical Economists
    - a. Increase is natural: remove the obstacles and growth will occur
  2. Middle Ages: Bridge from Ancient to Modern World
  3. **Points of European Difference with the East**

- a. Conventional Wisdom: Democracy vs. Despotism
  - b. Private Property vs. Ruler-Owns-All
    - 1) Martial aristocracy typically had a monopoly of weapons
  - c. Lesson: **Contingency of ownership** stifles enterprise and stunts development
    - 1) Burke: "A law against property is a law against industry"
  - d. Notion of economic development is a western invention
    - 1) Aristocratic empires were squeeze operations
    - 2) Only societies with multiple initiatives [subsidiarity] could think in terms of a growing pie [positive sum game]
  - e. Although the ancient Greeks distinguished between the free and unfree, they succumbed to despotism [Alexander the Great, the Roman Caesars], but dissenters spoke up and wrote
4. Medieval Rediscovery and Reassertion of Property Rights
- a. Amalgam of classical legacy, German tribal laws and customs, Judaic-Christian tradition
  - b. Incentives to power remained: story of the vase of Soissons
  - c. But constraints were imposed by political fragmentation [separation of powers] and general insecurity
    - 1) Power derived in principle from freely consented allegiance
    - 2) Although the tradition of election gave way to hereditary rule, old customs persisted
    - 3) The dream of a reborn Rome never died but broke down in the face of realities; private property remained a right
5. Concept of **Property Rights**
- a. Hebrew hostility to autocracy: Moses, Samuel
  - b. Christianity: Bible's egalitarian laws and morals, personal religion, translation of the Bible into the vernacular [edulcoration = sweetening]
  - c. Medieval Church: implicit protection of private property
  - d. China Contrasted: internal espionage, weakness of autocracy, omnipotence of the celestial bureaucracy
6. European Despotisms: Mitigating Factors
- a. Fragmentation gave rise to competition: subjects might migrate
  - b. Ecumenical empires did not fear flight: willow palisade
- C. THE COMMUNE: SEMI-AUTONOMOUS CITY (36-38)
- 1. Essence of the Commune
    - a. Social status and political rights conferred on its citizens
      - 1) **Stadtluft macht frei** [city-air makes free]
  - 2. Consequences
    - a. **Migration to cities**
    - b. Emancipation of serfs
  - 3. Reasons Why Rulers Granted Such Rights
    - a. Revenue
    - b. Leverage against barons
    - c. Participants attracted by the granting of franchises, freedoms, and privileges [similar to cities and chambers of commerce today]
      - 1) Sense of rights and contract: the right to negotiate as well as petition
4. The Irony: Europe's Great Good Fortune Lay in the Fall of Rome
- D. SPLIT BETWEEN SECULAR AND RELIGIOUS (38-40)
- 1. Instability of Dual Supremacy: Where Authority Is Divided, Dissent Flourishes
    - a. Potential for Free Thought: Protestant Reformation
    - b. By contrast, China was a homeostatic society
  - 2. Europe's Security from Single-Stroke Conquest
    - a. Decentralization: Mongol and Turkish invasions slowed down
    - b. Subjects of empires were indifferent toward their rulers
    - c. Security from outside aggression permitted internal stabilization

- 1) Baronial brigandage subdued by Church [Truce of God, Peace of God] and stronger central government allied with urban interests
- E. LONG PERIOD OF POPULATION INCREASE AND ECONOMIC GROWTH (40-42)
1. Economic Revolution (1000-1500)
    - a. Earlier Neolithic revolution: enhancement of the energy supply
    - b. Medieval Revolution: innovation in techniques of cultivation
      - 1) **Wheeled plow**
      - 2) Stall-fed oxen and dray horses
      - 3) More intensive cultivation: gains in land productivity required strong communal leadership and cooperation
  2. Causes: Population Pressure and Stimulus to Increase
    - a. Increase of arable land: assarts [claims to clearings] and reclamation
    - b. Windmills: pumping of fens and polders
- F. ROLE OF THE URBAN MINORITY (42-44)
1. Rural Attitudes Acted as a Brake on Urban Activity
    - a. Corporate **guilds**: mentality of the zero-sum, no market competition
  2. Breaking the Rules
    - a. Suburbs (**Faubourgs**)
    - b. Selection by merit vs. parity principle: beginning of the **putting-out system** and division of labor
    - c. Industrial production spreads to the countryside
    - d. Shift to outsourcing
  3. Economic Expansion Promoted by a Series of Organizational Innovations and Adaptations
    - a. **New commercial instruments**
    - b. Commercial Revolution
  4. Results
    - a. Enhanced security
    - b. Reduced business expenses
    - c. Widening market promoted specialization

### Study Questions

1. **Marauders** How did the Europeans deal with such invaders as the Norsemen, Hungarians, and Saracens? What brought about peace at last? How did the classical economists account for the launching of Europe on the path to growth and development? (29-31)
2. **Middle Ages as a Bridge** Identify some of the features – political, legal, economic -- that distinguished Europeans (the West) from other civilizations (the Rest)? Why is the story of the people of Balkh emblematic of this difference? Describing aristocratic (despotic) empires as “squeeze operations,” why does the author say that “the very notion of economic development was a Western invention?” What kind of society can think in terms of a *growing pie* [what game theorists call a *positive sum game*]? [Political scientists have used *civil society*, *pluralism*, and *institutional liberty* to characterize such a society’s liberty and diversity]. The medieval world was an amalgam of what elements? How did consent and limited power shape this world? (31-34)
3. **Private Property** How did the concept of property rights develop? When and how did it pass explicitly into the European political consciousness? [Landes’s ironic use of *edulcoration* (sweetening) suggests that the Church hierarchy ritually washed the Bible, perhaps in the way money is laundered]. How was autocracy maintained in China, but what weakened it? What factors mitigated European despotisms, in contrast to the ecumenical empires of the East? (34-36)
4. **The Commune** What made communes unique to Europe? [Among other things, serfs were deemed free if they dwelt within it a year and a day: *stadtluft macht fre*]. What were some of the

consequences of their existence? Why did such rights to rustics and townsmen? Why was the fall of Rome such a boon to Europe? (36-38)

5. **Sacred/Secular Split** What were some the advantages of dual supremacy as opposed to the homeostatic society of the Chinese? What made the despotic empires so brittle? What advantage did the classical Greeks have over Asian tyranny [see Minogue]? Finally, security from outside aggression enabled Europeans to more effectively subdue their internal troublemakers – leading to a long period of . . . (38-40)
6. **Population Increase and Economic Growth** Identify some of the critical steps in the **economic revolution** (1000-1500 AD). What critical role did the urban minority play in this transformation? [A *zero-sum game* strategy in game theory assumes a fixed “pie”]. How did the urban setting and guild rules work to restrain trade? How were local monopolies thwarted and what were some of the consequences of this **commercial revolution**? (40-44)

### Review

folk memory of the battles between the Greeks and Persians	effects of contingent ownership
characteristic elements of the medieval world	effects of migration to cities
effects of the wheeled plow	local monopolies
<i>faubourgs</i> (suburbs)	guilds
	putting-out system
	new commercial instruments

## CHAPTER FOUR: THE INVENTION OF INVENTION

### Study Questions

1. **European Innovation** How did the improvement of the water wheel and its accessory devices contribute to an economic revolution that included grinding grain, fulling cloth, and pulping rags for paper? If necessity is the mother of invention, what developments sprang out of optical experimentation? What made mechanical clocks the “key machine” and how did they revolutionize European life? What is the significance of the shift from *analog* to *digital motion* in machinery? How did clocks spur change and autonomy? Why was the “hieratic monopoly” of Latin and what were some consequences? What changes sprang from the introduction of printing in Europe? Why was printing rejected elsewhere? How did Europeans put more bang for the buck into gunpowder? (45-53)
2. **Societies That Fell Behind** What went wrong in the Islamic world? What are some possible reasons for regression in China? (54-57)
3. **European Freedom** What helps account for European progress? Identify four reasons for the peculiarly European *joie de trouver* (joy of work). (57-59)

### Review

mechanical paper-manufacture	consequences of experimentation with eyeglasses	
basis for temporal autonomy	clocks and productivity	demand for the written word
Gutenberg's Bible	Muslim and Indian rejection of printing	
Arabic science	Chinese technological regression	
reasons for the cultivation of invention in Europe		

# CHAPTER FIVE: THE GREAT OPENING

## Study Questions

1. **Columbus Quincentennial** What accounts for the different attitudes toward Columbus between 1892 and 1992? How were they displayed? What in the end makes the attacks on Columbus irrelevant? What is their purpose? (60-63)
2. **European Expansion** Practically speaking, why was the discovery of the New World by Europeans *not* an accident? Why is **imperialism** always with us? What was it in the division of sovereignty in Europe that not only favored aggression but also favored turning it outward? How did the crusading impulse succeed in Spain's **Reconquista**? Who were the victors and what did they do for an encore? (63-66)
3. **Iberian Conquests** How did conquest come to be standardized into an enterprise? What factors dictated the choice of targets? Why were the southern islands of strategic importance? What process of rationalization was required for slavery to be introduced for the cultivation of sugar cane? (66-70)
4. **Depopulation and Repopulation** What additional purpose was served by such island groups as the Canaries [named after their large dogs, not the green finches that originated in the islands and are named for them]? What hastened the process of depopulation? [What is known as the **Columbian** or **Great Biological Exchange** was a remarkable two-way traffic of foodstuffs, livestock, and pathogens between the Old and New Worlds that further revolutionized diet and health worldwide]. (70-72)
5. [Optional] **Black Gold** Why did Europe go over to a gold standard by the middle of the fourteenth century? What is the story of the Mansa of Mali? **The Importance of Being Covered** Trace the image of the Indian from noble savage to savage cannibal. **History and Legend** What is the Black Legend?

## Review

purpose of the attacks on Columbus  
why the *Reconquista* succeeded  
cane sugar, its uses and effects

law of social and political relationships  
what targets were chosen for conquest  
depopulation of the Caribbean

# CHAPTER SIX: EASTWARD HO!

## Study Questions

1. **Portugal** What difficulties did mariners encounter in seeking to round the western coast of Africa? How did the Portuguese learn to determine latitude? [A precise method of determining latitude came only in the 18C]. Identify some accomplishments that flowed from the Portuguese strategy personified by Henry the Navigator? What does the El Mina incident reveal about the Portuguese character? (79-88)
2. **Portuguese Reaction to Columbus's Discovery** Why was Vasco da Gama's 1497-99 voyage to India not a commercial success? Why did the Portuguese nevertheless take heart at da Gama's news? What do decades of systematic inquiries, such as Lope de Sequeira's instructions of 1508, reveal about the Portuguese (as opposed to the Spanish) character? Cabral's instructions? [According to tradition, Cabral discovered Brazil on that voyage while swinging far to the west]. (88-93)

3. **China: What Might Have Been** What was the purpose and the character of the fleets commanded by the eunuch admiral Zheng He (Cheng-ho)? How did they compare with ships of medieval Europe? [Zheng He is alleged to have reached North America in the 1420s. The Chinese claim to have discovered Australia long predates that of the Europeans]. Why did this opening to the larger world come to naught? Why were the voyages and shipbuilding abandoned in the 1430s? What were some of the reasons? What do some of the counterfactuals suggest? (93-98)

### Review

Portuguese strategy of exploration                      Prince Henry the Navigator  
 significance of Cabral's instructions              Chinese fleets and shipbuilding capabilities

## CHAPTER SEVEN: FROM DISCOVERIES TO EMPIRE

### Study Questions

1. **Spain's Call to Action** What drew men into the New World adventures? (99-102)
2. **Conquest of Mexico** What were the Indians of the Yucatan like? Why did the Aztecs collapse so quickly in face of the expedition of **Hernando Cortés**? How had the Aztecs first risen to power? What was the psychological effect of mass human sacrifices? Identify some advantages of the Spaniards. Why was **Moctezuma's** response so weak? What kept the Spanish retreat from turning into a rout? (102-07)
3. **Conquest of Peru** How did **Francisco Pizarro** defeat the Incas under **Atahualpa**? How great was the ransom of Atahualpa? For what bloody deed was Huayna Capac renowned? Why were the Inca leaders so naïve? (107-09)

### Review

Sources of the power and weakness of the Aztecs                      the Inca and his descendants  
 communication methods              *tukrikuk*                      Quechua

## CHAPTER EIGHT: BITTERSWEET ISLES

### Study Questions

1. **Dividing Up the Caribbean** Why did the Spanish conquistadors lose interest in the Caribbean? What was the problem with **manioc** or cassava, the source of bread and tapioca pudding? What is the origin of the word **buccaneer** (lit., a barbecuer, similar to a freebooter or filibuster)? Identify the subsequent European colonizers of the Caribbean [the Danes arrived even later]. Who made the "sugar leap" made and how? Why did the English colonization of Barbados shift from homesteading to plantation agriculture? What consequences followed? How did the French take over Haiti? (113-16)
2. **Black Slavery** What were some of the labor problems associated with the sugar industry? Why was the "middle passage" so deadly? What was **seasoning**? [Think of boot camp]. Why were Barbados Quakers fined? (116-19)
3. **European Industrialization** What is the Williams thesis concerning the connection



between slavery and capitalism? What are some criticisms? How does it hold up under an analysis of the triangular trade as a whole? Would the Industrial Revolution have taken place without slavery? Why? (119-22)

4. **Sugar Plantation as Hacienda** What was the rationale for a plantation economy? Who were the **cimarrones**? How did the Spanish and English systems differ? (122-24)

### Review

agriculture in Barbados                      introduction of cane sugar                      Saint-Dominique: notable facts  
mortality aboard slave ships

## CHAPTER NINE: EMPIRE IN THE EAST

### Study Questions

1. **Portugal** How does the author appear to view **David Ricardo's** idea of **comparative advantage**? [see p. 135 also] What made Portuguese expansion so surprising? Why was it so quick to import slaves from Africa? Give some examples of Portuguese pragmatism. How did Portuguese political strategy differ from the opportunistic Spanish conquests? Where did they establish their enclaves? Who were their chief adversaries? What was their primary commercial objective in the East and how did they achieve it? How did they lose it? (125-30)
2. **Intra-Asian Exchange** How did Portugal make up for the shrinking spice trade? What is rent-seeking and how was it practiced by the Portuguese? How did Portugal's rivals gain the upper hand? (130-32)
3. **The Spice of Life** Why were condiments in such high demand in Europe? (132-33)
4. **The "Kaffirs of Europe"** How did the Portuguese gain an early advantage in navigation? Why did they lose it? In what ways did the Portuguese close themselves off from outside influences? (133-36)

### Review

Portugal's comparative advantage (note David Ricardo)                      Portuguese political strategy  
Portuguese enclaves: Mombasa, Goa, Elmina, Malacca, Ormuz                      Portuguese rent-seeking  
autumn slaughter of animals                      Inquisition's effects                      estrangeirados

## CHAPTER TEN: FOR LOVE OF GAIN

### Study Questions

1. **Holland** The Netherlands in the 16C with 17 provinces (including Holland and Flanders) and more than 200 cities, was the most important industrial-commercial center of Europe, handling roughly half of world trade. Why did Holland become a political pawn? What made Antwerp so important? What religious events led to the confrontation between Spain and the Low Countries? Who were the sea-beggars? (137-40)
2. **Colonial Adventure** What led the Dutch merchants to become fighting seamen? From whom did they learn their ropes? Where did their strength lie? [Their motto could well have been *E pluribus unum*]. What were some of the perils of commerce? (140-41)

NOTE: The Dutch pioneered in the area of joint ventures, such as political confederation (the United Provinces of the Netherlands) and joint-stock companies, such as VOC. In the game theory scenario of “The Prisoner’s Dilemma,” cooperation is regarded as the riskiest but most rational strategy. Rent-seeking may be regarded as its opposite.

3. What version of **rent-seeking** [extracting profit not through production but merely through controlling access to a good] was the VOC strategy for cornering the market in spices? Where was the VOC’s chief base? [A proconsul in the Roman tradition was a former consul who was given a provincial base from which he could build an empire or, in the case of Julius Caesar, even seize Rome]. [Along with Bastiat’s concept of **legal plunder**, a good statement of the principle of rent seeking may be found in Thomas Jefferson’s Notes from Virginia: “Mankind soon learn to make interested uses of every right and power which they possess, or may assume. The public money and public liberty . . . will soon be discovered to be sources of wealth and dominion to those who hold them.”] (141-44)
4. **Country Trade** What lessons did the Dutch learn? What resulted from the VOC’s “exercise of parsimony?” Who profited? What were the chief agricultural monopolies? Where did coffee originate before it was transplanted to Java? [Due to world trade the cultivation of cacao (chocolate), rubber, tea, and cane sugar would spread far from their native climes]. (144-46)
5. **Imposition of a Command Economy** What distortions – specifically with cloves and coffee -- resulted from turning the Spice Islands into a vast plantation? What replaced the Culture System? (146-49)

## Review

characteristics of 16 <sup>th</sup> century Holland	sea-beggars	espionage
VOC (Jan Compagnie)	rent seeking	Batavia
Dutch colonization of the East Indies		country trade
Ambon and cloves		

## CHAPTER ELEVEN: GOLCONDA

### Study Questions

1. **Scent of Money** What was Golconda? What happened to the Madre de Deus? [Think rent-seeking]. By how much was Her Majesty’s haul reduced? (150-52)
2. **Opening of India** How did the English approach differ from the Dutch? How did they establish bases at Bombay and Calcutta? What were **zamindari rights**? What sort of rent-seeking was instituted on the advice of Gerald Aungier? How did the Moghuls, such as the Nawab of Bengal, respond? (152-54)
3. **Textiles** How did the EIC corner the calico market? How did the Indian cottons transform the dress of Europe? How could they contribute to England’s Industrial Revolution? [See chapter 13]. What was the origin and purpose of saltpeter? Why did pepper come to be used as ballast on certain trade routes and with what effect? (154-55)
4. **Chinese and Indian Markets** What did Europeans seek from the Chinese? What did the Chinese want in return? What advantages did India hold for the British more than Indonesia did for the Dutch? How did the wealth of the Moghul emperor Aurangzeb

compare with that of Louis XIV? Who were the Moghuls? How did they maintain control? What accounts for the “appalling contrast between the opulent few and the impoverished many?” How did people get rich under the system? (155-58)

5. Under these circumstances why did European visitors hold an advantage? The *ryots* and untouchables? How was the EIC’s mission changed in 1689? What led to the massacre of the **Black Hole**? How did the British avenge themselves on the Nabob (Nawab) and defeat his forces at Plassey? What were the victors’ spoils? What privileges were bestowed on **Robert Clive**? What political consequences for England grew out of such largess? [Edmund Burke led Parliament’s prosecution of Warren Hastings]. What were the long-term consequences of colonial policies for the Indian economy? (158-63)
6. **Appendices** Why do works on Indian history have to rely almost exclusively on European records and accounts? Hieratic literacy is sacerdotal or priestly; demotic literacy is popular or general. The printing of the Bible, its translation into vernacular languages, and the Protestant Reformation contributed to the development of general literacy in Europe. What was Clive’s blunder? [See also Omichund, p. 160]. How does Landes reply to Macaulay? (163-67)

## Review

character of the British entry into the East Indies trade	zamindari rights
English seizure of the Madre de Deus	India’s and China’s most important products
exchanges made in the China trade	origins of the Moghul Dynasty
classic problem of autocracies and the Moghul solution	Robert Clive
Warren Hastings	Battle of Plassey
ud-Dowlah and Mir Jafar	consequences of EIC’s confusion of military and commercial
accounts of Indian history and textile manufacture	general vs. hieratic literacy

# CHAPTER TWELVE: WINNERS AND LOSERS: THE BALANCE SHEET OF EMPIRE

## Outline

- A. TURNING POINT (168-71)
  1. End of the Old Empire
  2. Industrial Revolution
  3. Process of Selection Began in the Age of Discovery
  4. The Opening of the World
    - a. **Columbian Exchange** [Great Biological Exchange]
      - 1) Discovery of New World Plants: maize, cocoa, tobacco, coca
      - 2) Diet Alterations: e.g., corn [maize], potato, peanuts, yams
      - 3) Old World Transplants: horse, cattle, sheep, smallpox, et al.
  5. Physical Weaknesses of Europeans
    - a. **Climate and Hygiene** as Variables
    - b. Higher Population Densities
  6. Oceanic Migrations
  7. Early Modernization of Europe
- B. SPAIN AS AN OBJECT LESSON (171-73)
  1. First Came the Loot and Booty
  2. Starters (Spain and Portugal) Ended Up **Losers**
    - a. The Necessity and Power of Capital
    - b. Spain Lavished Its New Wealth on Luxury and War

- 1) Windfall Wealth Is Wasted
    - c. Outsourcing by Spanish Suppliers
    - d. Illusion of Affluence
    - e. Foolishness of Comparative Advantage and Neoclassical Trade Theory
    - f. Moroccan Ambassador on Spain vs. Its Rivals
    - g. Reliance on **Metics** [a Greek term for foreign merchants, i.e., middleman minorities]
  - 3. Largess Impoverishes
    - a. **Hidalgo Mentality** [genteel living honored and manual labor scorned] [income is often derived chiefly through “rent-seeking”]
    - b. What Pariahs Do Is Accursed
  - 4. Three Bankruptcies: 1557, 1575, 1597
- C. NORTHERN EUROPE (173-74)
  - 1. **Work Ethic**
  - 2. Italy Had Led the Medieval Commercial Revolution But Never Seized the Opportunities Offered by the Great Opening
- D. ACCOUNTING FOR THE SOUTH TO NORTH POWER SHIFT (174-79)
  - 1. Psychological Theories about National Character
  - 2. **Max Weber**
    - a. **Protestant (Work) Ethic** and the Spirit of Capitalism
    - b. Predestination
    - c. Hard Work and Thrift
    - d. Riches as a By-Product
    - e. Illustration: Attitudes about Gambling
  - 3. Rebuttals
    - a. Materialist Historians
  - b. **R. H. Tawney**: Secular Attitudes
  - 4. **Robert K. Merton**’s Derivative Thesis: Protestantism and the Rise of Science
  - 5. Author’s Rejoinder to Weber’s Critics
    - a. Empirical Evidence: Protestant Manufacturers
    - b. Theoretical Evidence: Role of Group Pressure to Conform
  - 6. **Two Special Characteristics** of Protestants
    - a. Stress on Instruction and Literacy: A By-Product of Bible Reading
      - 1) Hence a Greater Pool for Advanced Schooling
      - 2) **Literate Mothers Matter**
    - b. Importance Accorded to Time [Ideas of Productivity, Punctuality]
  - 7. Weber’s Argument: Religion Encouraged the Particular Personality Type That Produced Industrial Capitalism
  - 8. Growing Need for Fixed Capital in the Industrial Sector
    - a. Need for Continuity [as opposed to the ad hoc character of earlier mercantile enterprise]
  - 9. Weberian Entrepreneur Was Specially Suited for the New Economy
    - a. **Tawney**’s Emphasis on the Link between Self-Respect and Continuity
    - b. Illustration: French Use of Patents of Nobility to Reward the Ambitious
- E. SCIENCE VS. REACTION (179-81)
  - 1. Economic, Wealth, and Knowledge Shifted from South to North
    - a. Southern Europe Was Once the Center of Learning
  - 2. Protestant Reformation Changed the Rules
    - a. **Catholic Countries** Responded by Closure and Censure
      - 1) Hysterical Reaction against **Marranos** [Jewish Converts] by Habsburg Crown in the Low Countries
      - 2) Rain of Interdictions
      - 3) Inquisition
      - 4) *Index Librorum Prohibitorum*
      - 5) **Imprimatur**
    - b. Study Abroad Prohibited

3. Witch Hunt
  - a. Judaizing Conversos [Jewish Converts] Were Betrayed by Telltale Signs
4. Result: South Missed the Scientific Revolution
5. Anti-Protestant Backlash Held Back the Mediterranean
- F. THE CONDEMNATION OF **GALILEO** (181-84)
  1. The Chilling Effect of Such Inquisitions
- G. THE TENACITY OF INTOLERANCE AND PREJUDICE (184-85)
  1. Reasons for Sicily's Continued Backwardness

### Study Questions

1. **Turning Point** What changed with the turn of the 18<sup>th</sup> century? What was the hinge of this metamorphosis? What was the Columbian exchange (a.k.a. the Great Biological Exchange)? How did diet change? What were some European transplants? [The author only briefly notes syphilis and passes over gonorrhea: two American transplants]. What areas of the globe proved most hazardous to Europeans? Why? What contribution to European demographic and economic growth was made by North America? (168-71)
2. **Spain as an Object Lesson** In the scramble for wealth, why did Spain and Portugal end up losers? What problems did the Moroccan ambassador recognize? What is the **hidalgo** [nobleman] **mentality**? What groups served as **metics** (and sometimes as **pariahs**)? Similar to Kaplan's "middleman minorities," metics refers to the resident aliens (metoikoi = those who share the household) who dominated the commerce of ancient Athens. Pariahs refers to "outcastes" or "untouchables" (parayan) in the Hindu caste system. What caused Spain's decline? (171-73)
3. **Northern Europe** Why did the nations of northern Europe thrive in the opening of the world? What did they build on? How did opportunity pass Italy by? (173-74)
4. **South-North Power Shift** Identify some possible reasons why the center of Europe's economic gravity shifted northward. Summarize **Max Weber's** Protestant ethic thesis. What are some rebuttals? What was **Robert Merton's** derivative thesis? Why was the Protestant minority over-represented in French and British scientific circles? Why does Landes still accept Weber's thesis both on the empirical and on the theoretical level? By focusing on group pressure and mutual scrutiny, what two special characteristics reveal an evident link between Protestantism and capitalism? As pointed out by **R. H. Tawney**, what did the "Weberian entrepreneur" supply that was so crucial to the new manufacturing enterprises? (174-79)
5. **Science vs. Reaction** Why did knowledge, like money, move north? Why did Spain and Portugal lose out early? How did the Protestant Reformation change the rules? How did the Catholic countries respond to the challenge? **Interdiction** refers to official censure and exclusion, including mass excommunication. What role was played by the Inquisition (for more, see the discussion of the **Holy Office**, pp. 133-36). What was the Index and its effect? What happened to converts (conversos) such as **Moriscos** (Christianized Moors) and Marranos (Christianized Jews, lit. hogs or filthy persons). What have been the long-term consequences of such closed-mindedness? (179-81)
6. **The Condemnation of Galileo, etc.** What effects did Galileo's troubles have on Mersenne, Gassendi, and Descartes? How did the French react to Newton's theories and why? What accounts for the economic and cultural decline of Sicily? (181-85)

### Review

hinge of the late 18 <sup>th</sup> century metamorphosis	foods and diseases of the Columbian exchange
deadliest climates for European invaders	causes of Spain's failed economic development
metics	Protestant ethic thesis
	hidalgo mentality

Robert K. Merton  
R. H. Tawney  
Catholic response to Protestant challenge  
Marranos

Max Weber  
two special Protestant characteristics  
Moriscos

Alphonse de Candolle  
imprimatur  
Galileo Galilei

## CHAPTER THIRTEEN: THE NATURE OF INDUSTRIAL REVOLUTION

### Outline

- A. TRANSFORMATION OF COTTON MANUFACTURE (186-87)
  - 1. The Factory System
    - a. **Three Principles**
      - 1) Substitution of Machines for Human Skill and Effort
      - 2) Substitution of Inanimate for Animate Sources of Power
      - 3) Use of New and Far More Abundant Raw Materials: the Substitution of Mineral (**Coal**) and Artificial Materials
  - 2. These Substitutions Made the **Industrial Revolution**
    - a. Result: Rapid Rise in Productivity and Self-Sustaining Growth
    - b. Overcoming of Thomas Malthus's Prediction of Stagnation
    - c. Balance of Political Power Transformed
- B. REVOLUTION AND POWER (187-92)
  - 1. Connotations: Progressive vs. Reactionary Viewpoints
  - 2. Original and Later Meanings of "Revolution"
  - 3. Emphasis on Deep Rather Than Fast Change
    - a. It Takes a Lot of Small and Large Improvements
  - 4. Illustration: Steam Power
    - a. Thomas Savery, 1698: Steam Engine with Piston
    - b. Thomas Newcomen, 1705: Atmospheric Engine, Used to Pump Water
    - c. James Watt, 1768: Engine with Separate Condenser, Later Adapted to Rotary Motion
  - 5. High Pressure Engines
    - a. Premium on Fuel Economy
    - b. Compounding with Use of Cylinders
  - 6. Steam Turbine
  - 7. Waterpower Improved with Breast Wheel and Turbine
  - 8. Abraham Darby, 1709: Coke-Smelting of Cast Iron
    - a. Limitations of Cast Iron
    - b. Henry Cort, 1783-84: Development of Coke-Smelted Pig Iron
    - c. Henry Bessemer, 1856: Development of Cheap Steel
  - 9. Early English Reliance on Coal: First Industrial Revolution (Sixteenth Century)
  - 10. Powered Machinery
  - 11. Innovations
    - a. Foot Treadle
    - b. Flyer
    - c. Mechanization of Spinning
  - 12. Metallurgy: Substitution of Rotary for Reciprocating Motion
    - a. Clockwork
    - b. First Experiments in Mass Production Based on Interchangeable Parts: Clocks, Guns, Hardware, Furniture
  - 13. Period of Contagious Novelty
- C. DATING THE REVOLUTION (192-93)
  - 1. Textile manufacture

- a. James Hargreaves, 1766: Spinning Jenny
- b. Thomas Arkwright, 1769: Water Frame
- c. Samuel Crompton, 1779: Mule
- d. Edmund Cartwright, 1787: Power Loom
- e. Richard Roberts, 1830: Self-Acting Mule
- 2. Industrial Revolution Ran from 1770 to 1870
  - a. Note: Persistence of Handloom Weavers
- D. NEW ECONOMIC HISTORY (193-94)
  - 1. Break in the Trend of Growth, 1760-1770: Unprecedented Rates of Increase
  - 2. Unevenness of the Revolution
  - 3. Continuity Does Not Exclude Change
- E. GROWING GAP BETWEEN RICH AND POOR COUNTRIES (194-95)
  - 1. Growing Gap between Western and Eastern Europe
  - 2. Results: Winners Estranged from Losers, Multiple Worlds
- F. WHEN IS A REVOLUTION NOT A REVOLUTION (195-98)
  - 1. Contemporary Statistical Sources
  - 2. Measures of Aggregate Growth
    - a. Reconstruction of Data
  - 3. Problems of Interpretation
  - 4. Crux of Disagreement
  - 5. Defective Methodology
  - 6. Problems of Evidence
  - 7. Arguments of Cliometricians
- G. THE ADVANTAGE OF GOING ROUND AND ROUND (198-99)
  - 1. Shift from Reciprocating to Rotary Motion: Building of Dreadnought Turbines
  - 2. Liquid Fuel

### Study Questions

1. **Transformation of Cotton Manufacture** Identify three principles behind the series of inventions that transformed the British cotton manufacture. What resulted from these inventions and the new mode of production? (186-87)
2. **Revolution and Power** What does the author mean by “revolution” and where is its emphasis? Identify five or six steps in the process that converted steam power from an idea into a technique used to drive ships and land vehicles. Discuss the progression from coke-smelting of pig iron to steel manufacture. Identify some of the steps in the mechanization of the textile industry. Why was the late 18<sup>th</sup> century such a period of “contagious novelty” in which the world slipped its moorings? (187-92)
3. **Dating the Revolution** How does Landes differ from Hicks and Cipolla in identifying the “core of the larger process?” When did the Industrial Revolution occur? (192-93)
4. **New Economic History** How does the character of the changes since 1780 refute the anti-Revolutionists? What has been the consequence of these advances? (192-95)
5. **When Is a Revolution Not a Revolution?** What are some of the problems of evidence and interpretation that plague studies of the Industrial Revolution? (195-98)
6. **The Advantage of Going Round and Round** Why are improvements in naval technology (such as the switch from the reciprocating to the rotary steam engine) so difficult to quantify? (198-99)

### Review

three principles that transformed British cotton manufacture  
growth of economy and knowledge

16<sup>th</sup> century use of coal  
core of the Industrial Revolution

## CHAPTER FOURTEEN: WHY EUROPE? WHY THEN?

### Outline

- A. WHY THERE AND THEN? TWOFOLD QUESTION (200)
  - 1. Why and How Did Any Country Break through to a New Mode of Production?
  - 2. Why Britain? [Discussed in Chapter 15]
- B. BUILDUP AND BREAKTHROUGH (200-05)
  - 1. Buildup: Continuing Accumulation
    - a. Three Considerations: Sources of Success
  - 2. **Intellectual Autonomy**
    - a. Roman Church's Conception of Nature: Scholasticism
    - b. Secular Rulers Protected the Introduction of New Ideas
      - 1) Europe Cultivated a Vogue of the New and a Sense of Progress
      - 2) Fra Giordano on Discovery
    - c. Culture Lag: Law of Historical Motion
      - 1) Reach of the Church Restricted by Secular Authorities and Heresies
    - d. Widening of Personal Experience: Case of Garcia d'Orta
  - 3. Method
    - a. Non-Magical Explanations for Natural Phenomena
    - b. **Roger Bacon's Methodology** Based on Observation
    - c. Purposeful Experiment
    - d. Temptations of Magic, a Kind of Intellectual Antimatter
      - 1) Magicians Did Not Argue with One Another
    - e. **New Method**: Key to Knowing
      - 1) Practical Successes
    - f. Question of How to Experiment: **Galileo's System**
    - g. Pursuit of Precision
      - 1) Telescope, Microscope, Nonius, Vernier Scale, Micrometer
      - 2) **Christian Huygens**: Pendulum Clock, Balance Spring
      - 3) John Napier: Logarithms
      - 4) **René Descartes**: Analytic Geometry
      - 5) Isaac Newton and **G. W. von Leibniz**: Calculus
  - 4. **Routinization** of Discovery
    - a. Dispersed Community of Scientists
      - 1) **Marin Mersenne**
      - 2) Early Learned Societies
    - b. Race for Prestige and Honor [Amour Propre, Frenzy of Renown]
      - 1) Secrecy Replaced by Competitive Game-Playing
      - 2) Robert Hooke
    - c. "Show and Tell" in Salons and Journals
- C. APPLICATIONS (206)
  - 1. Steam Engines
    - a. Laws of Thermodynamics
    - b. **James Watt**
  - 2. Streams of Progress Had to Come Together
- D. THE ANSWER (206-10)
  - 1. Conuncture: Technological Change of Mighty Leverage
  - 2. Illustration: Silk Industry
    - a. Italian Spinning Machines
    - b. French and Dutch



- c. Thomas Lombe's Silk Factory, 1716
- d. Problem: Production Sufficient to Accommodate Demand
- 3. Wool vs. Cotton
  - a. Calico Acts, 1720, 1721 [Mercantilism, Protectionism]
    - 1) Infant Cotton Industry Inadvertently Sheltered
  - b. Unsatisfactory Attempts at Spinning Wool
  - c. Encrustation of the Wool Industry Impeded Change
    - 1) Easier to Start Fresh [One Reason Why Followers More Quickly Catch Up and Overtake the Leaders]
- 4. Growth in Textile Industry Outstripped Labor Supply
  - a. NOTE: Lewis Paul's Spinning Machine, 1738: Improved Quality of Yarn
  - b. Breakdown of **Putting Out System**
- 5. Dual Status of Workers: Contractors and Wage Laborers
  - a. Juggling of Obligations
  - b. Additives [cf. Watering the Stock]
- 6. Manufacturers Sought State Assistance
- 7. Advantages of Cottage Industry
  - a. Low Cost of Entry, Low Overhead Costs
  - b. Popularity of Putting Out
- 8. Mill Production Grew out of Efforts to Concentrate Production
  - a. Heat-Using Technologies Favored **Factories**
  - b. European Manufactories Were Supported by Governments
  - c. Power Machinery Made the Factory Competitive
  - d. Source of the Labor Supply: Children, Paupers, Women
- E. THE PRIMACY OF OBSERVATION: WHAT YOU SEE IS WHAT THERE IS (210)
  - 1. Tycho Brahe
    - a. Induction: Reasoning from Particulars to Generalities
- F. MASTERS OF PRECISION (211-12)
  - 1. Studies of Rates of Change
  - 2. Enhancing the Precision of a Clock
    - a. Tycho Brahe
    - b. Galileo: Water Clock
  - 3. Invention of the Pendulum Clock
  - 4. Invention of the Balance Spring: Watches Made More Accurate
  - 5. Finding Longitude at Sea

### Study Questions

1. **Why Britain?** Identify "three considerations" (or intellectual pillars) that help account for the long buildup and the eventual **breakthrough** of the Industrial Revolution? Identify some of the factors that enabled the fight for **intellectual autonomy** to overcome resistance in Europe. How did the **idea of nature** change and how did this affect the development of a **scientific method**? What was **Galileo's** contribution to this process? What innovations provided the necessary precision? How did the efforts of a dispersed intellectual community of scientists [an example of Hayek's "spontaneous order"] permit a **routinization of discovery**? How was it institutionalized? What was the motive or driving force behind this intellectual free market? Why were journals founded? (200-05)
2. **Applications** How did scientific knowledge and practical inventiveness both contribute to the development of the steam engine, as exemplified by **James Watt**? (206)
3. **Conjuncture in the Relations of Supply and Demand** Why did **Thomas Lombe's** water-powered silk mill at Derby fail to ignite the Industrial Revolution after 1716? Why cotton and not wool? Who were the **Luddites**? Why the interest in mechanization? Why did the **putting-out system** begin to give way to large workshops and mills? What

finally made the factory competitive? Where did the early mill owners find their labor force?  
What innovations brought precision into time-keeping? (206-12)

## Review

factors that contributed to intellectual autonomy	Roger Bacon's methodology
pendulum clock and balance spring	Galileo Galilei
René Descartes	Christian Huygens
how discovery was routinized	Marin Mersenne
putting-out system vs. factories in English textile manufacture	James Watt
	Luddites

## CHAPTER FIFTEEN: BRITAIN AND THE OTHERS

### Outline

- A. WHY BRITAIN? (213-14)
  - 1. Areas in Which It Led: Cottage Industry, Use of Coal, Technology of Textiles, Iron, Energy, Power
  - 2. **Increasing Efficiency in Agriculture**
    - a. Contrast with **Third World Reliance on Food Imports**
  - 3. The Process
    - a. Emancipation of Serfs
    - b. Market Gardening
    - c. Richer, More Varied Diets
    - d. New Techniques of the Dutch: Watering, Fertilizing, Crop Rotation
    - e. Enclosure Movement: Open Fields [for Sheep Runs and Fox Hunts]
  - 4. Passion for Agriculture
    - a. Profitable Force for Economic Change
    - b. Agronomy
    - c. Integrated Approach to Estate Management: Private **Mineral Rights**
- B. MAJOR GAINS IN TRANSPORT (214-15)
  - 1. **Turnpike Roads and Canals**
    - a. Private Enterprise: British vs. French Highways
  - 2. Hastening of Growth and Specialization
    - a. Daniel Defoe's Travelogue
    - b. Adam Smith: Size of Market and Division of Labor
- C. REASONS BEHIND THE REASONS (215-19)
  - 1. British Achievement
    - a. Early Technological Superiority Was an Achievement, Not an Accident
  - 2. Culture and Institutions
    - a. Their Familiarity Leads Us to Take Them for Granted
  - 3. Ideal-Type Paradigm [Max Weber's Concept]
    - a. Ideal Growth-and-Development Society
    - b. Corollaries: Gender Equality, Non-Discrimination, Scientific Rationality
  - 4. **Political and Social Institutions**
    - a. Larger Goals
      - 1) Secure Rights of Private Property
      - 2) Secure Rights of Personal Liberty against Crime and Corruption
      - 3) Enforce Rights of Contract, Including Implied Contract
      - 4) Provide Stable Government with Publicly Known Rules
      - 5) Provide Responsive Government
      - 6) Provide Honest Government
      - 7) Provide Moderate, Efficient, Ungreedy Government
    - b. Ideal Society Should Be Honest

- c. More Corollaries: Geographical and Social Mobility
        - 1) Relatively Large Middle Class
  - 5. Paradigm Highlights the Direction of History
- D. **BRITISH ADVANTAGES** (219-23)
- 1. Britain's Advantage of Being a Nation
    - a. Collective Synergy
  - 2. Increasing Freedom and Security of the People
    - a. Britain's Precocity
    - b. Rise of Individualism
  - 3. Elbow Room: Widespread Political and Civil Freedoms [cf. Francis Lieber's List]
  - 4. Favorable Comparison with the French
    - a. John Fortescue
    - b. English Nationalism
    - c. Views of Foreign Visitors
      - 1) Absence of Misérables
  - 5. Wealth of the Great Middle Class
    - a. Daniel Defoe
  - 6. High Consumption
    - a. English Make Things for the People Rather Than the Rich
    - b. Women as Consumers
  - 7. Peddlers

OPTIONAL:

- E. SOME GOOD DEEDS GO REWARDED (223)
- F. THE VALUE OF TIME (224-25)
- G. WHY NOT INDIA? (225-30)

**Study Questions**

- 1. **Why Britain?** In what areas did Britain already lead in the early 18<sup>th</sup> century? How was British agriculture revolutionized, making it a force for economic change? What contribution was made by new turnpike roads and canals? (212-15)
- 2. **Reasons Behind the Reasons** How did Britain "make itself"? What standards are embodied in an ideal growth-and-development society? What are some of the corollaries? What are the requisite political and social institutions? What are some other corollaries? (215-19)
- 3. **British Advantages** What were Britain's early and later advantages [Landes gives a good synoptic account of what is covered at greater length in M. Stanton Evans's *The Theme Is Freedom*]. How did **John Fortescue** contrast the English and French [cf. Francis Lieber's "Anglican and Gallican Liberty"]? What advantages were noted by foreign visitors? (219-23)
- 4. **Appendices** What were some of European society's "irrational constraints?" How did England profit from them? How were English values reflected in time-keeping customs? who would have gained from mechanization of the cotton industry in India? Why did India fail to industrialize? Why did the EIC hold back? Why was the "matchless ingenuity" of Indian artisans inadequate to manufacturing? Why was there no prospect for a move to machinery? (223-30)

**Review**

reliance on food imports                      reasons for medieval Britain's agricultural improvement  
ownership of mineral rights                building of canals, roads, highways, inns  
what political and social institutions favor economic growth                Britain's early advantages

# CHAPTER SIXTEEN: PURSUIT OF ALBION

## Outline

- A. ONE FRONT-RUNNER, DIVERSITY OF PURSUERS (231-35)
  - 1. Industrial Society Is a British Legacy
    - a. Lag of the Follower Countries [cf. Cultural Lag]
  - 2. **Alleged French Advantages**
    - a. Concept of **Comparative Advantage** [David Ricardo]
  - 3. View of Rivals
    - a. Spain, Holland, France
    - b. French Warning
    - c. Perfidious Albion Still Regarded as France's Chief Rival
  - 4. French Jealousy
  - 5. Navigation Act of 1760
  - 6. European Resentment
- B. BRITAIN AS THE PROTOTYPE (235-37)
  - 1. Emulation
    - a. Emissaries and Spies
    - b. Government Incentives
    - c. Disruption of the French Revolution
    - d. 1815
  - 2. Karl Marx
    - a. Marx's Error
  - 3. No Law of Development
    - a. Role of Timing
  - 4. British Example as an Ideal Type
- C. ADVANTAGES OF THE NORTHWEST (237-38)
  - 1. Machine Readiness in 1815
  - 2. Northwest Quadrant
    - a. **Developmental Gradient**
  - 3. Medieval Legacy: Complex of Customs, Laws, Practices, Attitudes, Values
    - a. Three Aspects of the Old Regime: Status of the Peasantry, Organization of Manufacture, Boundaries and Barriers
- D. THE STATUS OF THE PEASANTRY (238-42)
  - 1. **Serfdom**
  - 2. Monetization of the Economy and Trade
    - a. Cities as Havens of Freedom
    - b. Persistence of Seigneurial Dues in France [French Revolution Abolished Them But Imposed New Taxes]
  - 3. West Germany (Money Rents and Seigneurial Dues) vs. East Germany (**Estate Bondage** and Personal Servitude)
    - a. Servile Obligations Reimposed after 1815
    - b. Exception: Prussia Emancipated Serfs in 1809
    - c. Landowners Indemnified by State Bonds
    - d. Emancipation of Jews Was Long Delayed
    - e. Stände [Estates or Status Groups]
    - f. **Persistent Vestiges of Seigneurialism**
      - 1) Prussian Elections Held in Tripartite Colleges
  - 4. Russia
    - a. **Second Serfdom**
    - b. Cities Were Not Havens
    - c. Forced Labor: Anticipation of the Gulag

- d. The System Failed
  - e. Reason for Giantism: Low Productivity [cf. Kaplan on Egypt]
  - f. Better Solution: the **Obrok**
  - g. Rise of a Private Factory Sector
  - h. General Emancipation
  - i. Schizophrenia
- E. THE ORGANIZATION OF MANUFACTURE (242-45)
- 1. **Guilds**
    - a. Economic **Objectives**
      - 1) **Control Entry** (Apprenticeship, Limitations on Mastership), **Uphold Quality Standards**, Restrict Competition
    - b. Moral Principles
      - 1) Sense of Limited Resources and of Work as a Zero-Sum Game
      - 2) Priority of Moral Criteria over Commercial Considerations
  - 2. Market as a Countervailing Force
    - a. Merchants By-Passed Guild Restrictions
    - b. Weakness of Corporate Monopolists: Dependent upon Municipalities
  - 3. Guilds' Rearguard Actions
    - a. Italy: Industrial Centers Typically Annexed the Countryside
    - b. Low Countries: Urban Masters Sallied Forth from Cities to Smash Looms
    - c. Fragmented Germany Undercut Such Control of the Market
  - 4. France
    - a. Outsourcing
  - 5. Rural Manufacture Legitimized in France, 1752
    - a. Abolition of Guilds, 1791
  - 6. Germany
    - a. Debate over Industrial Freedom
      - 1) German Customs Union (**Zollverein**), 1870
    - b. Brief Revival of Guildsmen, 1848-1749
  - 7. Austria
    - a. Free Enterprise, 1849
- F. BOUNDARIES AND BARRIERS (245-47)
- 1. Road and River Tolls [A Form of Rent-Seeking]
    - a. Robber Barons
      - 1) Vested Interests: Tolls Seen as a Source of Income, Not as a Fee for Service
      - 2) Extortion: Haulers Sought Alternate Routes
      - 3) Delays for Inspections
    - b. Policy of Deliberate Uncertainty
      - 1) Bribes Encouraged
  - 2. Growing Trade Was an Incentive to Increase the Tariffs
  - 3. Countervailing Trend: Centralizing Tendency of 17C Monarchies Undercut This Racket
    - a. **Goal of new bureaucracies** was to wipe out these levies and interferences, which were regarded not only as restraints of trade but as poaching
    - b. 15C Britain Had Largest National Market in Europe
    - c. Colbert's Mercantilist Policies in Late 17C France
  - 4. Germany Was Slower to Clear the Way
    - a. Zollverein of 1834
    - b. Jean de La Fontaine (17C): The Strong Man's Reason Is Best (Might Makes Right)
  - 5. Tenacity of the Enemies of Other People's Trade
    - a. Scheldt River
      - 1) Dutch Control of Access
      - 2) Aim: Kill Antwerp as a Port in Favor of Rotterdam
  - 6. **Octroi**: French Customs Barriers at the Entrance of Cities

- a. Killed by the Automobile
  - 7. Russia: Natural Barriers Were the Problem
- OPTIONAL:
- G. EUROPE'S PERIPHERY (248-53)
    - 1. Scandinavia
      - a. Late Bloomer
      - b. Cultural Preparation
        - 1) Literacy and Higher Education
        - 2) Security of Property Rights
      - c. 18C Developments
      - d. Export Commodities
        - 1) Alfred Nobel and Russia's Petroleum Industry
    - 2. Mediterranean Europe
      - a. Spain
      - b. Portugal
      - c. Italy
      - d. Aridity
      - e. Illiteracy and Religious Persecutions
        - 1) "Black Legend"
      - f. Exceptions
        - 1) Catalonia
        - 2) Po Valley vs. the **Mezzogiorno** with Its Latifundia, Emigration, and Slough of Despond [ref. John Bunyan, Pilgrim's Progress]
    - 3. Eastern Europe
      - a. Persistence of Serfdom
      - b. Russia's Ambitions
        - 1) Few Exports
      - c. Balkans: Nationalist Virus
      - d. Role of **Outsiders** (Middleman Minorities, Metics): Driven out after Independence [cf. late 13C France and England, late 15C Spain]
    - 4. Core and Periphery: Wrong Metaphor
  - H. "THE BAYONET IS A FINE LAD" (253-55)
    - 1. Russian Muzzle-Loading Flint-Lock Musket
    - 2. Russian Backwardness
    - 3. Poor Quality, Poor Maintenance
    - 4. Attitudes
      - a. Bayonet
    - 5. Crimean War

### Study Questions

1. **Diverse Array of Pursuers** Why do some practitioners of the "New Economic History" believe the Industrial Revolution might just as easily have occurred in France? What were the views of some of Britain's rivals? [BTW, the two main islands of Chile's Islas Juan Fernández are named after Alexander Selkirk and his fictional counterpart, Robinson Crusoe]. What was Voltaire's view of the Navigation Act of 1650 (which established discriminatory shipping rules)? [Napoleon contemptuously dismissed "Perfidious Albion" as a nation of shopkeepers. His faux-aristocratic contempt must have extended to a landowning aristocracy willing to get down and dirty, p. 214]. (231-35)
2. **British Prototype** Why is there no single law of development? [Yet Hernando de Soto does commend some concrete steps]. Where in Europe were the machine-readiest societies? (235-38)
3. **Status of the Peasantry** Why were the bonds of serfdom loosened in western Europe during the Middle Ages? What were the ways of exiting the **seigniorial system**? How

did the east German estate bondage and personal servitude differ from the seignorial system? What were the barriers to mobility in some of the German states? {Note the comparisons of the medieval orders (lords, clergy, peasants = the three estates) with India and Tokugawa Japan in the footnote}. What three things could not coexist in Russia? Why so much forced labor? Why did the system fail? How did the **obrok** work? (238-42)

4. **Organization of Manufacture** What were the economic objectives and moral principles behind the organization of industry into guilds or corporations? What made the market a countervailing force? How did guilds protect their “turf”? How were guilds abolished in France, even though not evenhandedly? In Germany? (242-45)
5. **Boundaries and Barriers** What made the vested interests of the robber barons so difficult to remove [Bastiat understood all too well]? How did they profit from a “policy of deliberate uncertainty? [It is similar to what the Supreme Court calls a “chilling effect” in the area of civil liberties]. How did the new bureaucracies of centralizing monarchies regard these tolls? How were they finally abolished in France? How were tolls in Germany abolished? How did the Dutch attempt to kill Antwerp as a seaport? How were the **octroi** [a grant, concession, or toll] eliminated in France? (245-47)
6. **Europe’s Periphery** What advantages permitted Scandinavia to develop quickly? Why did Mediterranean Europe develop industry so late? Why did Catalonia and northern Italy do well by comparison? What was the **Mezzogiorno**’s greatest exports? Who were some of the prosperous middleman minorities in the backward lands of eastern Europe? What ultimately made the difference in Europe’s development gradient? (248-53)
7. **“The Bayonet Is a Fine Lad”** What factors contributed to the backwardness of the Russian army? (253-55)

## Review

France’s perceived chief rival	developmental gradient	persisting forms of serfdom
estate bondage	seignorial dues and money rents	
second serfdom	objectives of guilds	
primary goal of the new bureaucracies of centralizing monarchs		

# CHAPTER SEVENTEEN: YOU NEED MONEY TO MAKE MONEY

## Outline

- A. **BRITISH FORMULA** (256-60)
  1. Low Threshold Requirements
    - a. Small Role of Banks
    - b. Large Partnerships with Unlimited Liability
  2. **Chartered Joint Stock Companies with Limited Liability**
    - a. Joint Stock Banks
  3. Revolution and War in France, 1789-1815
  4. French Abolition of Feudal Dues
  5. Continental Impatience
  6. Four Sources of Money:
- B. **PERSONAL INVESTMENT** (260-61)
  1. Landowners

2. Aristocratic Entrepreneurs
3. Bourgeois Partners
- C. FINANCIAL INTERMEDIARIES AND PRIVATE CREDIT (261-64)
  1. Network of Private Banks
  2. Lines of Credit and Direct Funding
    - a. Rothschilds
  3. Family and Personal Connections
  4. Trouble with a Network System
  5. Joint Stock Investment Bank (Crédit Mobilier)
    - a. Railways
    - b. Caisse [see note on general limited liability, 1867, and its rationale]
    - c. Brothers Pereire
  6. Encouragement of Industrial Development
  7. Germany
    - a. Universal Banks
- D. GOVERNMENT ASSISTANCE (264-69)
  1. **West-East Gradient:** Increasing Intervention Illustrated by Canals and **Railroads**
    - a. Britain
    - b. France
    - c. The Germanies
    - d. United States
    - e. Russia: The tsar's ruler
  2. Indirect Subsidies
  3. Defense against Outside Competition
    - a. Earlier Economic Nationalism
  4. France
    - a. Corruption
    - b. Tariff Protection
  5. French Revolution
    - a. Seizure of Church Properties
  6. Bonapartist Period
    - a. Imperial Market Closed to British Imports
    - b. Post-1815 Flirtation with Laissez-faire
    - c. Series of Tariffs
  7. Liberalization
    - a. Cobden-Chevalier Treaty, 1860
    - b. Most-Favored-Nation Principle
  8. Russia
    - a. Modernization from above Rested on Forced Labor
    - b. Public Attitudes
    - c. **Giantism** in Mines and Metallurgy [cf. Germany's capital-intensive heavy industry]
    - d. Result: Rapid But Fragile Growth
    - e. Contrasts and Contradiction
    - f. Russia Poisoned with Alien Dream, Exposing the Gap between East and West
      - 1) Crimean War
      - 2) Russo-Japanese War
      - 3) First World War
- E. INTERNATIONAL CAPITAL FLOWS (269)
  1. Rich Invest in the Poor
  2. Biggest Impediment: Social, Cultural, and Technological Unreadiness
- F. LE CREUSOT: THE TALES THAT BUSINESS HISTORY CAN TELL (270-73)
  1. Decisive Factors in French Iron Industry
  2. Coke-Smelting
  3. Adolphe and Eugène Schneider
  4. Louis Boigres



5. Georges Dufaüd, George Crawshay, Emile Martin
  6. Seillière Bank
  7. Ignace-François de Wendel
- G. MAKING A VIRTUE OF LATENESS (273-75)
1. **Alexander Gerschenkron**
  2. Great Leap Forward
    - a. The Greater the gap, the greater the gain for those who leap it
    - b. Late growth tends to be based on “the most modern and efficient techniques”
  3. Mobilization of Capital

### Study Questions

1. **British Formula for Success** Why was British enterprise able to accumulate capital as it went in the early years? Why was it able to do so later? What device was used to mobilize capital in the nineteenth century? How did the Continental follower countries raise capital? (256-61)
2. **Private Credit** What were caisses? What were the crédits mobiliers and how were they different from banks? Why did banks promote them? How was limited liability viewed and how was it implemented in France prior to 1867? (261-64)
3. **Government Assistance** How was the east-west developmental gradient reflected in the matter of intervention? How did the French make use of protective tariffs and with what consequences? How did liberalization of trade develop in France? What was the biggest obstacle to Russian development? What were some of the contradictions and setbacks that beset Russia? What holds back development? (264-69)
4. **Appendices** How did the entrepreneurial families of France cooperate? Why, in Alexander Gerschenkron’s model, does it pay to be late? (270-75)

### Review

How British enterprise grew      chartering of joint-stock companies  
 limited liability                      pursuit of giantism (Think oriental despotism)  
 role of government in development of railroads in Britain, France, the United States, and Russia  
 advantages of follower countries in Gerschenkron’s model

## CHAPTER EIGHTEEN: THE WEALTH OF KNOWLEDGE

### Outline

- A. DIFFUSION OF KNOWLEDGE (276-81)
1. Explorers as Government Agents
    - a. John Law Led French Pursuit of British Technicians
    - b. Visit by Gabriel-Jean Jars, 1764-65
    - c. French Examination of John Harrison’s Chronometers
  2. Spying
    - a. Matthew Boulton
    - b. Ignace de Wendel
  3. Emigration: Brain Drain
    - a. **Division of Labor**
    - b. Solicitation of Emigrants: John Holker, Michael Alcock, the Cockerills
  4. Laws Preventing Emigration

5. Other Expatriates
  - a. Motives for Substituting Capital for Labor
6. Division of Capital as an Opportunity
- B. MARRIAGE OF SCIENCE AND TECHNICS (282-85)
  1. **Schools**
    - a. Ecole Polytechnique
    - b. Others
  2. Imitators
    - a. Germany: Gewerbeschulen and Technische Hochschulen
      - 1) Teaching Laboratory
  3. **Consequences** of This Reliance on Formal Education
    - a. Lateral Thinking
    - b. Opening New Branches of Knowledge
    - c. Comparison with British Strategy
  4. Biggest Returns Occurred in Two Areas
    - a. Chemicals
      - 1) Mechanization
      - 2) Waste Products Reused
      - 3) Fruits of Research
    - b. Electricity
      - 1) Early Uses
      - 2) Generators and Dynamos
  5. Formal Education
  6. Lack of Standardization in Britain
  7. Second Industrial Revolution
  8. Mind Established over Matter
- C. THE SECRETS OF INDUSTRIAL CUISINE (285-88)
- D. GENIUS IS NOT ENOUGH (288-91)
  1. Mauve: The Story of William Henry Perkin

### Study Questions

1. **Diffusion of Knowledge** How did the French seek to acquire British technological secrets? What were some of the practical barriers to learning them? What were some of the inducements that contributed to a “brain drain”? (276-81)
2. **Marriage of Science and Technique** What were some of the characteristics of the French pioneering efforts in **technical education**? Which educational system was to become the envy of the world? Why did the British fall behind and especially in what fields? Why? (281-85)
3. **Appendices** How was steelmaking transformed? What did **William Henry Perkin** seek to produce when he stumbled on **aniline blue (mauve)**? Why did the dye industry shift to Germany? What happened to natural indigo once an artificial substitute was produced? (285-91)

### Review

division of labor and skill                      mauve and aniline dyes                      William Henry Perkin  
 higher education and diffusion of technical and scientific knowledge

## CHAPTER NINETEEN: FRONTIERS

### Outline

- A. NORTH AMERICAN ADVANTAGES (292-301)
  1. European Frontiers
    - a. Danubian Plain
    - b. Ukrainian Breadbasket
  2. Biggest Frontiers: Americas, Australia, Southern Africa
    - a. High Density Areas: Valley of Mexico, Peruvian Hills, Caribbean Islands
    - b. Low Density Areas: Northern Latitudes
  3. Factors of Production
    - a. Land
    - b. Labor
      - 1) Incentives: Cheap Land, Higher Wages. Higher Status, Political Rights
  4. Yield of the Frontier Lands
    - a. Surpluses Become Tradables
    - b. **Staples Theory**: Vent for Surplus
      - 1) Variable: Distribution of Income
    - c. Americas: A Case Study
    - d. Economists Favor Simple Explanations [Occam's Razor]
      - 1) **Resources** of the United States: Virgin Land, Fine Climate, Wood and Coal, Petroleum, etc.
      - 2) Contrast with Mexico, Brazil, Argentina: Lack of Iron and Coal  
Absence of Comparable Natural Ways of Communication
  5. More Complex Geographical Explanation
    - a. **Latin America**: Either a School of Laziness or a Slough of Despond
      - 1) Sharp Social Divisions, Cheap Labor, Indifference of the Rich
    - b. **North America: Small Holdings** and Equality [See Albion's Seed]
      - 1) Quasi-Free Land and Scarce Labor Made for High Wages (Adam Smith)
      - 2) Seedbed of Democracy and Enterprise: Handyman Culture
  6. Fertile Ground for New Technologies
    - a. Quakers
    - b. Industrial Heartlands of New England and the Middle Colonies
      - 1) Saugus Ironworks
    - c. Laws Prohibiting Colonial manufacture
    - d. Colonial Gunmaking
    - e. Division of Labor
  7. Importation of Skills
    - a. Advantage of the Anglophone Culture
    - b. Germans
    - c. South Was Not So Attractive
    - d. **South's Dependency** Persisted
      - 1) Diverse Explanations
  8. Importation of Machinery
    - a. Samuel Slater
    - b. British Expats
    - c. Ready Workforce
  9. American Adaptations and Inventions
    - a. Mule vs. Throstle
    - b. Waltham-Type Cotton Factory
    - c. Rapid Progress
  10. Productivity
    - a. Housing for Women and Girls
  11. Better Working Conditions
  12. Modifications of the Steam Engine
    - a. Oliver Evans
    - b. Danger of High Pressure Engines

- B. AMERICAN SYSTEM OF MANUFACTURES (301-06)
  - 1. Mode of Production
    - a. A Creative Response to
      - 1) A Market Free of Local and Regional Preferences, Hence Ready To Accept Standardized Articles
      - 2) Scarcity of Labor Relative to Materials
  - 2. Standardization
    - a. Wastage of Materials Did Not Accord with Old World Habit of Thrift
    - b. Turn from Carpentry to Millwork in Construction
      - 1) Balloon-Frame House
    - c. Woodworking Machinery
    - d. Precision Tools: Hardware and Software
    - e. Layout and Synchrony
  - 3. America's Leading Role
    - a. Deskillling and Routinizing Technique
  - 4. **Doctrine of Sunk Costs**
    - a. Scrapping Old Plants
  - 5. Stepping Stones of the American System
    - a. Agriculture as an Industry
    - b. Family Farming
  - 6. Indigenous Population Uprooted
    - a. Broken Promises
    - b. Reparations
  - 7. Change
    - a. America as a Tabula Rasa
      - 1) No Problem with Peasants or Luddites
    - b. Europe's Consumption Problem: Class Structures, Segmented Tastes
  - 8. Europe's Post-Second World War Industrial Spurt
- C. AMERICAN SYNERGY (307)
  - 1. Largest Economy in the World, 1913
  - 2. Insatiable Consumerism
  - 3. Innovations in Marketing: Installment Buying, Consumer Credit, Catalogue Sales
- D. ON THE SHORTCOMINGS OF ECONOMIC LOGIC (307-09)

### Study Questions

1. **North American Advantages** Where were the great frontiers for European expansion at the time of the Industrial Revolution? What are the factors of production and the salient characteristics of frontier regions? What is the staples theory or "vent for surplus" argument? [Its originator, Harold Adams Innis, had great influence on the communications theorist Marshall McLuhan. A more complex geographical analysis called **factor endowments**, which links geography to culture and institutions, is introduced on p. 296]. (292-94)
2. **Geography and Culture** How has geography favored the United States over Mexico and Brazil? Given what we know about the cultural institutions of the Iberians and the British, what (in the mix of circumstances and culture) factors worked against Latin American development? What factors gave the British settlers an advantage? What were some of the incentives for economic enterprise and technological progress? Where was the industrial heartland of the British American colonies? What industries thrived? Why did the South lag behind? (294-99)
3. **American Industry** Who were the primary agents of technological diffusion? Why was imported technology so quickly adopted and adapted to fit local circumstances? What accounts for the rapid progress and **remarkable productivity**? **What were the contributions of Samuel Slater and Oliver Evans**? (299-301)

4. **American System of Manufactures** How did the emerging system reflect the cultural and geographical circumstances of American life? [Francis Lieber retained the European practice of continuing to fill a page of correspondence by writing over the original lines at a perpendicular angle]. What were the advantages of **balloon-frame** house construction? What was the rationale behind interchangeable parts? Deskilling and routinizing technique? What is the ruthless logic of productivity as expressed in the **doctrine of sunk costs**? How was family farming encouraged? What may be learned from the Indian tragedy? What were some of the advantages of the Americans and some of the disadvantages of the older societies of Europe [tabula rasa = blank slate, John Locke's image of the mind]. What change in Europe after World War II? (301-06)
5. **American Synergy** What made the American economy the largest and most dynamic in the world after 1870? [A look at De Soto's thesis helps illuminate the difference]. (307)
6. **On the Shortcomings of Economic Logic** What is the flaw in Adam Smith's argument that the British prohibitions were not very hurtful? What was the real problem? (307-09)

## Review

weakness of the staples theory Latin American distribution of wealth and its consequences  
 a comparison of natural resources in the United States, Mexico, and Brazil  
 characteristics and consequences of America's society of small freeholders  
 explanations for the technological dependency of the South on the North  
 ruthless logic of productivity as expressed in the doctrine of sunk costs

# CHAPTER TWENTY: THE SOUTH AMERICAN WAY

## Outline

- A. COLONIZATION AND INDEPENDENCE (310-15)
  1. Initial Advantages
  2. Reversal of Fortunes
  3. Differences in Economic Potential
    - a. **English Apartheid vs. Spanish Miscegenation**
    - b. Black Slaves
    - c. Unavailability of European Immigrants to Spanish America
    - d. Inquisition
    - e. Mestizos
    - f. Spiritual Homogeneity and Docility, Wealth and the Pursuit of Vanities
  4. Differences in Political Capability
    - a. North American Colonists
      - 1) **English Society of Dissent**
      - 2) British Colonists Made Their Revolution
    - b. **Latin American Power Vacuum**
      - 1) Opportunism
      - 2) Caudillismo
    - c. Absence of a Civil Society
      - 1) Autocratic Despotisms
    - d. Haciendas
    - e. Catholic Church
      - 1) Liberals vs. Clergy
  5. Few Economic Changes in Latin America
    - a. Comparative Advantage: Mining, Agriculture, Cattle, Forestry
  6. Consequence: South American Countries Remained Economic Dependencies

- a. Foreign Investment: Foreigners Built Railways, Port Facilities
    - b. High Interest Rates for Poor Regimes
    - c. Result: Resentment
  - 7. Textile Manufacturing: Late 19C Brazil and Mexico
- B. ABSENCE OF AN INDUSTRIAL REVOLUTION (315-17)
  - 1. Shops Stuck to Maintenance
  - 2. Comparative Advantage Rationale: Static Rather Than Dynamic
  - 3. Argentina
    - a. Buenos Aires as a Way Station between Potosí and Southeast Brazil
    - b. Internal Proletariat Squatted on the Outskirts
    - c. Missing: Craftsmen, Tools, Industry
    - d. Ban on Exports of Silver from Buenos Aires Only Partially Successful
      - 1) Contraband and Corruption
    - e. Geography Favorable for Ranching, Not Industry
    - f. Political Instability Following Independence
- C. COMPARISON OF ARGENTINA AND THE UNITED STATES (317-23)
  - 1. Triumph of Pastoralism in Argentina
  - 2. **Argentine Land Policies:** Obstacle to Settlement
    - a. Land Grants
    - b. Speculators Found Their Quickest Return in Open-Range Ranching
  - 3. **Recruitment Abroad**
    - a. Italians
  - 4. Contrast: North American Land Policy
    - a. South and Slavery
    - b. Expansion of Cultivation: Westward Movement and Immigration
      - 1) Scarcity of Labor in America
      - 2) Emigrants Had Reason to Leave
  - 5. Homesteading vs. Ranching Favored by Culture and Social Purpose
    - a. Family Holdings Favored in New England and Mid-Atlantic
      - 1) Land Sales: Speculators Resold Lands to Farmers
    - b. Auction of Lands Created a Squatter Dilemma
    - c. Result: General Pre-emption Law, 1841
    - d. **Railroad Rights-of-Way**
    - e. Urban Manufactures: Cincinnati
  - 6. Immigration Figures
    - a. Wheat in Argentina
    - b. **Golondrinas**
    - c. Few Europeans Became Citizens
    - d. United States Contrasted
    - e. Character of Immigration to the United States
    - f. Reasons for Immigration
      - 1) "American Letters"
- D. ECONOMIC IMPEDIMENTS (323-24)
  - 1. Ricardian Trade Model (David Ricardo)
    - a. Refrigeration and the Meat Trade, 1880s
  - 2. Scarcity of Labor and Resistance by Ranchers and Indians Impeded Agriculture
    - a. Barbed-Wire Fencing
    - b. Scarcity of Labor
      - 1) Slavery
  - 3. Immigration
    - a. Lack of Free Land
    - b. Larger Holdings Needed in Arid Patagonia
    - c. Immigration from Italy
    - d. Migrants Were Not Welcome
- E. ARGENTINA'S ECONOMIC LAG (325-27)
  - 1. Lag behind Other Frontier Societies (Table 20.1)

2. Who Prospered
  - a. Argentina: Promising Late 19th Example of a Staples Success
  - b. Its **Capital-Dependency**
    - 1) **British Built Railways** for Own Purposes [Meat Shipped to Ports]
    - 2) Failure to Develop Internal Markets Due to Lack of Enterprise
    - 3) Result: Xenophobic Anti-Imperialism and Sense of Wrong
  - c. Nature's Bounty Made Up the Difference in Economic Growth
    - 1) Direct Investment by Multinationals, esp. in Food Processing
    - 2) Import Substitution by Small Immigrant-Owned Enterprises
3. **Stunted Industrial Sector**
  - a. Capital Outlays: Mostly in Mining
  - b. Industrial Backwardness
    - 1) Horrible Working Conditions
  - c. Employers Failed to Invest in Human Capital
    - 1) Attitude That Workers Are Replaceable
  - d. Industrial Health Hazards
4. Industry Was the Passenger, Not the Driver, of Growth
  - a. Ideological Nostrums for Alienated Workers: Anarchism, Perónism
5. Painful Road Back from Political Oppression, Military Adventurism, Depression
  - a. Desaparecidos: Legacy of Evil and Horror [cf. Other Regimes]
  - b. Sloganeering Populism Has Nurtured Beginnings of a National Identity
  - c. [Massive Depreciation in 2002 Was Another Bump in the Road]
- F. **DEPENDENCY THEORY (327-28)**
  1. Fatalism
  2. Lending and Investment
    - a. **Low Savings Rate** Meant Dependency on Foreign Capital
    - b. No One Willing to Refuse Outside Money
  3. Negatives
    - a. Conspicuous Consumption [Thorstein Veblen]
    - b. Unfavorable Supply Conditions Abroad: British Retrenchment
    - c. Conflict with Creditors
    - d. Cocoon Economics: Protection from Worst Effects of Depression
  4. Effects: Dependency Theory's Morbid Propensity for Fault-Finding
- OPTIONAL:
- G. **THE PORTUGUESE-BRAZILIAN WAY (329)**
  1. Gilberto Freyre: Spanish vs. Portuguese {Policies of Colonial Settlement
- H. **"MUERO CON MI PATRIA!" – I DIE WITH MY COUNTRY! (329-34)**
  1. Paraguay: Fiat Industrialization from Above
  2. Intercession of the Jesuits Protected the Guaraní
    - a. The Indians Provided a Protective Buffer against the Portuguese
  3. Dictatorial Control
    - a. Dr. Gaspar Rodriguez de Francia: Organic Leader
    - b. Compulsory Miscegenation: Utopian Genetic Engineering
  4. Spartan Educational Regimen
  5. Trouble with Idealized, Reformist States: Overreaching [cf. Nazi Germany]
    - a. Armaments and Industrialization
    - b. Industrial Purchases from Europe
    - c. Closure of Paraná Led to Arms Race
      - 1) Fortress at Humaita and Brazilian Siege
  6. Brazilian Celebration

### Study Questions

1. **Colonization and Independence** What were the initial resource advantages of Latin America? Identify some factors that led to a shift of advantage to North America? How did Iberian society differ from the English? How did the British and Iberian colonies

- differ in winning independence? In the aftermath of independence? What role was played by the Catholic Church? What accounted for the economic stagnation? (310-15)
2. **Absence of an Industrial Revolution** What was lacking for industrialization in Argentina? Why had silver exports from Buenos Aires been banned? (315-17)
  3. **Comparison of Argentina and the United States** How did land and immigration policies favor the triumph of pastoralism (ranching) in Argentina? Why did Southern plantation agriculture give way to family-sized farms? What factors favored homesteading in the North and West? How did squatter rights evolve? Who were the *golondrinas* and whence did they come? Why did so few become citizens? How did immigrants to the United States differ? (317-23)
  4. **Economic Impediments** What was responsible for the economic takeoff (Ricardian trade model refers to comparative advantage) and why? What impeded immigration? Who prospered? What accounts for xenophobic anti-imperialism? Where did industrialization succeed (relatively)? What were some of the health hazards? What accounts for continued unrest and how has it contributed to the development of a national identity? (323-27)
  5. **Dependency Theory** Why does Argentina have such a low rate of savings? Why has foreign investment been so erratic and the Argentinian reaction so harmful? What are some of the effects of dependency theory? (327-28)
  6. **Appendices** What factors made Paraguay exceptional? What racial policies were introduced? How would you characterize the “enlightened” despotism of the dictators? Where did this utopian experiment go wrong? How was it crushed? (329-34)

## Review

pattern of colonial immigration    characteristics of the English society of dissent  
 circumstances of the Latin American colonial period and early independence  
 Argentinian land and immigration policies    horses and horseshoes in colonial Buenos Aires  
 consequences of the sale of railroad right-of-ways in the United States  
 building of Argentina’s railroads    early industrial sector in Argentina  
 reasons for Argentina’s high dependence on foreign capital investment

# CHAPTER TWENTY-ONE: CELESTIAL EMPIRE: STASIS AND RETREAT

## Study Questions

1. **Confrontation of East and West** In what ways did mandarin officials embody the higher Chinese culture? What is the paradox of the superiority complex? How were Catholic missionaries regarded? How did the Chinese depreciate or trivialize western science and technology? How did Chinese military traditions differ from the West’s? What is a characteristic weakness of large bureaucracies? (335-42)
2. **Why the Stasis?** If science and technology are two sides of the same coin, why did China slip into torpor? How do Chinese advances illustrate the problem? (342-44)
3. **Consequences** What made the Chinese empire so restless under the Qing dynasty? What were the causes, characteristics, and consequences of the **Taiping Rebellion**?



What about the wounds of the past prove so difficult for historians, particularly Sinologists? (344-49)

## Review

Chinese sense of superiority  
fate of would-be modernizers in China

European vs. Chinese approaches to war  
intellectual life in pre-modern China

# CHAPTER TWENTY-TWO: JAPAN: AND THE LAST SHALL BE FIRST

## Study Questions

1. **Initial Openness, Subsequent Insulation** How did Japan differ from China politically? Intellectually? What accounts for the brief vogue of Christianity? Its demise? How was Christianity eradicated? After 1639 how were the remaining Europeans treated? How did Japan freeze the social order? Despite the *bushido*, why did so many *samurai* become farmers? How were social conventions maintained? ["Immobilism" is a French term for political gridlock]. How was stability ensured after decades of civil war and the proliferation of masterless warriors (*ronin*)? What was the purpose of the *sankin kotai* system? What European imports did the Japanese learn to make? (350-59)
2. **Forces Working for Change** How does Landes support his idea that the Japanese "had every prospect of industrializing, even without the Western challenge, on the eve of the Meiji Restoration?" How did its feudal period resemble Europe's? What were some consequences of the profligacy stimulated by the *sankin kotai*? What happened to Nicholas Fouquet by way of comparison? What was the *Way* and its effects? (360-63)
3. **Early Development** What makes the multinational model (as applied to Europe) relevant to the study of Japan's development? Why did labor productivity rise? How did industry develop? (363-65)
4. **Commercial Revolution** How did the *sankin kotai* system help stimulate commerce? What advantages did Japan have Europe during its commercial revolution? What led to the precocious urbanization of the countryside? (365-66)
5. **Rangaku** How did foreign learning come to be imported and accepted? How did it threaten Confucian orthodoxy? What suggests that the tide may have been turning even before Japan was forced open? (366-68)
6. **Han, Inc.** How did Satsuma and its geo-strategic character help set the stage for the development of corporate enterprise in Japan? What industries thrived as a result? What were some of the unintended consequences? (368-70)

## Review

cotton spinning  
samurai  
han  
rangaku

advantages of Japan's commercial revolution  
Bakufu  
bushido  
daimyō

sankin kotai  
shogun  
ronin

# CHAPTER TWENTY-THREE: THE MEIJI RESTORATION

## Study Questions

1. **Conservative Revolution** Why was the Meiji Restoration not regarded as a revolution? [The British felt likewise about their Stuart Restoration]. What gave rise to the shogunate? [A European parallel would be the elevation of Pepin the Short, the majordomo (master of the household), over the Merovingian king – not to mention Joseph’s role in Egypt]. (371-72)
2. **Tenno** How was a revolution made without revolutionaries? How did Japan avoid conquest by imperial powers? How did the **Tokugawa shogunate** break down? What factors led to conflict between the western powers and the **Bakufu**? Who led the move for change? What changed in 1868? (372-74)
3. **Systematic Modernization** What advantages drove Japanese modernization? What models did they imitate? What did Ōkubo Toshimichi realize? (374-76)
4. **Take-off** What was the role of government in the new order? What steps led the Japanese to play the western game of imperialism? What issues caused grumbling within the ruling class as well as among the samurai? With what results? Identify the chief characteristics of the first generation of industrialization? Why did Japan invert the late-follower model? What drove Japan’s second industrial revolution? (376-81)
5. **The Price** What factors help account for the Japanese success story? Who provided the “sweat equity”? What have we learned about the social and health costs from the literature of the British Industrial Revolution? What factors made the Japanese situation worse? Describe the traditional peasant mentality and the extremes to which it was taken in Japan? (381-88)
6. **Industrial Revolution** What is **marginal product** and why was it the heart of the story? How did the workers fight back for status and dignity? Why is Japan so dependent today on **oil**? What cultural values help account for the Japanese economic miracle? How were they manifested and how do they differ from those of the West? (388-91)

## Review

hereditary kingship	loyalty vs. revolution	treaties
factors that contributed to the breakdown of the Tokugawa shogunate		
Satsuma and Chōshū	Meiji Restoration	rangakusha
Charter Oath	conversion of han into ken	effects of general schooling
reasons for productivity during the Tokugawa period		coal mining and oil
first generation of industrialization		

# CHAPTER TWENTY-FOUR: HISTORY GONE WRONG?

## Study Questions

1. **Two Rushes of Power** How and when did Islam originate? What was the **Hegira** [*hijra*]? How far had Islam spread by 1498? What areas fell to the **Reconquista**? How did the Islamic expansion compare with the later European imperial sweep? What were the relative strengths and weaknesses of each? What does Landes mean by opportunistic and apocalyptic? What is paradigmatic about the expulsion of the crusader kingdom in the Holy Land? Where was the

clash of faiths and empires most critical for the course of history? What was life like for the common people in the Muslim empires? (392-95)

2. **Moghul Empire** How well did the Moghuls knit together India? Why? What changed with the advent of the British? What made British rule a school for scorn? What was Sir Henry Maine's comment? (395-96)
3. **Ottoman Empire** How long was Turkey the "sick man of Europe"? How did it originate? In what ways was it a typical despotism? What are the intrinsic weaknesses of autocracies? [See p. 371]. How was the problem of legitimacy solved? What resulted from the proliferating bureaucracy? What was the *devshirme*? Who were the janissaries and what caused their demise? [Much the same happened to freemasons, Jesuits, and samurai]. Who were the **Mamelukes** and how did **Mehmet Ali** deal with them? (396-400)
4. **Setbacks After 1529** Why were the Ottoman Turks unable to keep up with the increasingly organized Christian polities? In what ways did the latter surge ahead? What was Islam's greatest mistake? What happened with the bureaucracy and as a result of its self-imposed archaism [what has been called *khadi* law]. What was the effect of Britain's protective embrace of the Ottoman empire? (400-02)
5. **Egypt** How serious was Egyptian retrogression under Mameluke rule? What changes were introduced by Mehmet Ali (Muhammad Ali), an Albanian warlord? What did **Louis-Alexis Jumel** introduce to Egypt? [Réunion is an island-nation east of Madagascar]. What were some of the fruits of the system Ali introduced? What explanations have been given for his ultimate failure? (402-08)
6. **Reasons for Failure** What factors help account for the Arab economic lag, even among OPEC members, and how bad is it? What is "rich" accounting to a merchant banker of the Persian Gulf? What makes the wealth of the region so precarious? How does the mixture of Middle East wealth and poverty lend this region its peculiar political dynamic? [The expression "waving the bloody shirt" refers to Republican party politicians campaigning as the party of the Union after the Civil War]. (408-10)
7. **Culture Matters** What is lacking in the culture? How is gender discrimination rationalized by Middle Eastern specialists? What makes Landes skeptical of these claims? What are the economic implications of gender discrimination and attitudes? How do they affect men and boys? How do Arab attitudes compare with those of Latin America and Japan? What connection do they bear with Islam? What is the dangerous mixture that makes the Islamic world so explosive? (410-15)
8. **Orientalists and Essentialists** What manner of name-calling is associated with the term "orientalism?" [Now a book entitled "Ornamentalism" has been published]. Identify the traits **Edward Said** associated with "orientalism" in his bill of indictment. What is wrong with the indictment (most notably directed against Bernard Lewis)? Specifically, what are the consequences of adopting Said's anti-orientalist methodology? What are some of the hazards of discrimination in exclusionary fields? (415-18)
9. **Japanese Women Are Talking Tenor** Identify some Japanese considerations that counteract the Japanese cultural stereotype that women are kept strictly subordinate. Why was the offering of universal elementary schooling to girls under the Emperor Meiji so important? How did the role of women change? How is it changing today? What has been the effect on men of this pragmatic, partial discrimination? (418-21)

## Review

Islamic vs. Western rushes of power: what made the difference	apocalyptic vs. opportunistic
Osmanlis	Selaniki Mustafa Efendi      Mehmet Ali
Saladin	chief locations of the clash of faiths and empires
Ottoman reliance on non-Turk personnel (coopting barbarians)	the sultan
janissaries	Mamelukes      Louis-Alexis Jumel
devshirme	how the rich countries of the Middle East buy their safety

## CHAPTER TWENTY-FIVE: EMPIRE AND AFTER

### Study Questions

1. **European Overseas Empire** What was Lenin's view of imperialism? What are some of the bad definitions and explanations that lead to bad conclusions about imperialism? How far back does European imperialism go? What usually followed the conquests? How did the conquests differ when they were at great distances from home? Differentiate the various forms taken by annexation and exploitation: Spanish, Portuguese, Dutch and English. Why is empire a story of botanical enterprise? Britain is said to have acquired its empire in "a fit of absentmindedness." Illustrate. (422-27)
2. **Old vs. New Imperialism** What was supposedly behind the New Imperialism? How did it differ from the Old? What is true and what is false about the radical critique of this late land grab? What was "a leitmotif [leading germinal idea] of electoral blather?" (427-30)
3. **New Colonialism** Why do historians focus find informal dominion more decisive than either formal empire or (in the case of Latin America) formal independence? Why have once-imperialist economies prospered as never before while former colonial nations find it hard to get on track? Industrially and educationally, what did the colonialists leave behind? What is the law of undiminishing conviction? Where does it lead? (430-33)
4. **Third World** What does the diversity of outcomes show? What sentiments and conflicts were built into the logic of the colonial situation? (433-34)
5. **Balance Sheet** What was the principal aim of imperialism and what were its results? What were the gains and losses (for whom and to whom)? Who drew the map of the colonial world and to what effect? [**Irredentism**, originally referring to territories of "unredeemed Italy" held by Austria, seeks to recover lost territories]. Why have "the energy, resources, and potential goodwill of these successor states" been depleted and what has been the response of the West? Which were the "best" and "worst" colonial masters, and why? Why did so many colonies take the wrong path? (434-38)
6. **Looking Back** What has been the ruling orthodoxy on the imperialist experience and what are the two corollaries of this model? How is this model contradicted by the historical evidence? (438-39) [See the note on Joseph Conrad's "Heart of Darkness"]
7. **It's Easy to Remember, and So Hard to Forget** What happened to the *pieds-noirs*? What did the loss of these human resources mean for Algeria? (439-41)

### Review

imperialism	Vladimir Lenin	Drang nach Osten
examples of European imperialism in Middle Ages		sugar, tea, rubber, cinchona
examples of empire as a "botanical enterprise"		New Imperialism
local elites in West Africa	empire's loss of legitimacy	

# CHAPTER TWENTY-SIX: LOSS OF LEADERSHIP

## Study Questions

1. **Holland** How did the nature of Europe differ from that of ecumenical China or anarchical India and Islam? What was the rationale for **mercantilism**? What was the true character of the “**Glorious Revolution**”? What were some of the signs of a Dutch economic slowdown in Adam Smith’s day? What are some reasons for its long pause? What role did culture play? (442-48)
2. **Britain** What led to the British-Dutch partnership and how did the Dutch profit? What were some of the fruits of British confidence? What British weaknesses were exposed by its rivals? Whence did Britain perceive the greatest threats? (448-50)
3. **Question of Decline** What kind of decline did Britain suffer? What happened to free trade attitudes? How does Landes define the “British disease”? Why did Britain’s second industrial revolution misfire? (450-58)
4. **American Productivity** What factors make American productivity higher than Japanese? (458-61)
5. **The Rise and Fall of the British Auto Industry** What are some of the factors that caused the British to lag? (461-64)

## Review

mercantilism  
William of Orange  
British schooling

relationship of England and Holland  
decline of relative economic strength

# CHAPTER TWENTY-SEVEN: WINNERS AND . . .

## Outline

- A. 1914 (465-66)
  1. Great War
  2. Earlier Colonial Wars
    - a. Boer War: Use of Repeating and Automatic Weapons
    - b. Flanders Fields
- B. BLUNDERS OF PEACE (466)
  1. Legacy of Hatred and Revenge
  2. Home Fronts
    - a. Germany: Myth of the Dolchstoß (Stab-in-the-Back)
    - b. Russia: Collapse and Revolution
  3. **Fascism** as a Mirror-Image of Socialism-Communism
- C. POSTWAR EUROPE AND JAPAN (466-75)
  1. Casualties
  2. Postwar Goals Displaced by the Cold War
  3. Slow Reaction to the German Threat
    - a. Fatigue and Fear after the First World War
      - 1) Nazi-Soviet Pact Forced West to Face up to Reality

- b. Mobilization of the West
      - c. Soviet Spies
    - 4. Unprecedented Postwar Growth
      - a. France-1948: a Tired Version of France-1900
      - b. Trente Glorieuses
    - 5. French **Dirigisme** [Statism] Supplied by the Grandes Écoles, inc. ENA
      - a. **Modernization** of the Infrastructure
      - b. Rising Standard of Living
      - c. High Unemployment Rate
    - 6. German Comeback
      - a. War Damage
      - b. Allied Retribution Gave Way to the Realities of the Cold War
      - c. German Energy and Work Habits
        - 1) End of Price Controls and Economic Take-off
    - 7. Japan
      - a. More to Gain by Buying Than by Grabbing
      - b. Reverse Engineering
      - c. Beyond Imitation to Invention: High-Tech Products
      - d. Quality Controls: **Ethic of Collective Responsibility**
      - e. Blame Game: Accusations of Protectionism
        - 1) Resistance to Foreign Goods
      - f. Change in World Trade Policy after the Second World War
      - g. **Non-Tariff Barriers**
      - h. Import of Prestige Items
      - i. Goal: Market Share, Increased Capacity, Industrial and Military Strength
  - D. NEWLY INDUSTRIALIZED COUNTRIES (NICs) (475-80)
    - 1. Little Tigers
    - 2. Fine-Skilled, Low-Wage Labor
      - a. Over-Valued Currencies Encouraged Foreign Direct Investment
    - 3. Outsourcing
    - 4. Penetration: Daewoo in France
      - a. Factors in Choosing Investment Targets
        - 1) Korea
        - 2) Malaysia
    - 5. **Overseas Chinese**
      - a. Work Ethic
      - b. Chinese Played a Role in the Success of European Rule
      - c. International Partnerships Developed along Ethnic Lines
      - d. Thailand
      - e. Malaysia
      - f. Success of This Diaspora
      - g. Output of Chinese-Controlled Businesses
      - h. Japan's Sense of National Distinctiveness; Chinese Clannishness
    - 6. Caveats
      - a. A Handful of Countries Are Responsible for the Bulk of Industrial Patents
      - b. The Faster the Growth, the Greater the Negative Side-Effects
        - 1) Remedies Require Institutions: Example of Bangkok
- OPTIONAL:
- E. "THEY CAN HAVE ANY COLOR THEY WANT": THE AMERICAN AND JAPANESE AUTOMOBILE INDUSTRIES (480-86)
  - F. JAPANESE SECRET OF SUCCESS (486-88)
  - G. FUTURE OF AMERICAN INDUSTRY (488-90)

### Study Questions

1. **Losses of War and Blunders of Peace** Why was the so-called Great War one of the

most absurd conflicts in human history? Why was little room left for reason in the aftermath? What were the consequences? How did fascism resemble Bolshevism? (465-66)

2. **Post-Second World War** When did the cold war really begin? What accounts for the unprecedented growth in the market economies for the *trentes glorieuses*? How did French policy differ? What made the German economic miracle and the Japanese recovery so astonishing? In Japan, what role was played by non-tariff barriers? (466-75)

## Review

fascism	fatigue and fear following WWI	dirigisme and modernization
Japanese ethic of collective responsibility		Japanese nontariff barriers
Little Tigers	mobility of capital (FDI)	overseas Chinese

# CHAPTER TWENTY-EIGHT: LOSERS

## Outline

- A. MIDDLE EAST (491-92)
1. Oil Revenues vs. Cultural Attitudes
    - a. Inhibitors
    - b. Education and Rising Expectations
  2. Egypt
    - a. Investment in **Cotton-Spinning Mills**
    - b. Competitors Upgraded Their Raw Cotton and Looked for New Ways to Make High-Quality Cotton
  3. Effects of Failure
    - a. Solace for the Weak
    - b. Resort to Force by the Strong
  4. World Bank's Modest Recipes for Improvement
  5. Difficulties
  6. The Real Work: Building Structures and Institutions
- B. LATIN AMERICA (492-95)
1. Pattern of Arrested Development
    - a. Caudillismo
  2. Industry Came Late
    - a. Shelter of Import Substitution
      - 1) What Was Lacking for Success
  3. Logic of Anti-Colonialist Ideologies ["Dichotomous" Implies Manicheanism]
  4. **Manipulation of Trade and Money**
    - a. Import Barriers, Quotas, Differential Rates of Exchange
    - b. Heavy Price of Temporary Relief: Black Markets, Inflation, Disinvestment
  5. Result: Financial Panic
    - a. **Mexican Peso Crisis, 1994**
      - 1) Tapping the U.S. Gold Slush Fund
    - b. New Debt Substituted for Old Debt
  6. Push toward Open Markets
- C. COMMUNIST-SOCIALIST BLOC [SECOND WORLD] (495-99)
1. Heaviest Losers: Soviet Union, Romania, North Korea
    - a. Logic of Command Economies: Ruthless Gigantism
  2. Soviet Dream
    - a. Western Apologists
  3. Russian Backwardness

- a. Lack of Competitive Commodities
- b. **Soviet Automobiles**
- c. Affluence of the Nomenklatura
- 4. Endemic Mess
- 5. Indifference to Good Housekeeping and Human Decency
  - a. Mass-Produced Ugliness
  - b. Systematic Contempt for Humanity
  - c. "White Coal"
- 6. Greatest Asset: Unspoiled Natural Resources
  - a. Dying of the Aral Sea
  - b. General Environmental Degradation
  - c. Siberia as a Tabula Rasa: Empty Space to Do with as One Pleases
  - d. Chernobyl Disaster
  - e. Consequences: Repugnance and Repudiation
- 7. Loss of Legitimacy and Collapse Due to Abandonment
- D. AFRICA (499-507)
  - 1. Failure
    - a. Nigeria vs. Indonesia
  - 2. Early Growth Figures
    - a. Basil Davidson on Disillusion
  - 3. **Lack of Food Security** and Food Self-Sufficiency
    - a. City and Country at War with Each Other
  - 4. Nature's Nasty Role [see note of the Ukraine famine, 1932-33]
    - a. Lagging Food Output
    - b. Growing Import Dependency: New Tastes Cultivated
    - c. Farmers Pushed on to Marginal Soils
  - 5. Rationale for Large Families
    - a. Treatment of Women
    - b. AIDS
  - 6. Colonial Agricultural Experiments
    - a. Peanut Oil Scheme in Tanganyika, 1948-1954
      - 1) Introduction of Farm Machines
    - b. Labor Government Taught Employees to Strike for Higher Pay
    - c. Costs and Delays Led to Substitution of Sunflowers
    - d. Deplorable Economic and Social Effects: Decline in Food Production, Liquor, Prostitution, Thievery
- E. COUNTRY INTERRUPTED: ALGERIA (507-10)
  - 1. 1970s Optimism
    - a. Socialist-Style Industrial Infrastructure Created
  - 2. Deterioration of Costly, State-Owned Apparatus
    - a. Decline of Manufacturing
  - 3. Tripling of Population [over 33 million today]
    - a. Large Families Encouraged
    - b. High Illiteracy
    - c. Declining Food Supply
  - 4. Bribes and Secret Bank Accounts
  - 5. **Oil Revenues** Used to Service the Debt
  - 6. State Socialism
  - 7. Wall People and Cruel Violence
  - 8. Targets of Terrorism
    - a. Francophone Elements Flee to France
- F. FROM LEFTIST SCHOLAR TO PRESIDENT OF BRAZIL: THE ADVANTAGES OF REALISM (510-11)
  - 1. Fernando Henrique Cardoso [now the former president]

## Review



