

Before the Great Transformation: small units, labor intensive growth and aristocratic-bourgeois societies, 18th-19th centuries

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Unlike Polanyi, we will not speak of a “great transformation” to show a break in the eighteenth and early nineteenth centuries that swept away the old pre-capitalist world through enclosures and the poor law and replaced it with a self-regulating economy which, in turn, is said to have been replaced by a new form of interventionism in the twentieth century. This chronology is false not only because new economic and legal rules were introduced over the long term, but also because the nineteenth-century market was anything but self-regulated. On the contrary, according to our approach, there is no reason to oppose the liberal nineteenth century to the eighteenth and twentieth centuries described as interventionist, each in its own way. What differentiated these periods was not liberalism versus regulation, but different forms of regulation, with different aims, goals, and tools. Eighteenth and nineteenth century liberal interventions supported increasing social and economic inequalities, while since the late nineteenth century state intervention sought to reduce inequalities, although only between labor and capital inside each country and increased inequalities between the main land and its colonies.

Thus, in the eighteenth and nineteenth centuries, growth was achieved through small firms and innovations that ultimately required little capital. Casting doubt on traditional views based on neoclassical models, recent analyses show that the rate of capital intensification in British industry was relatively limited until the mid-nineteenth century. The consequence of the persistent strength of small units and lack of capital was also that nineteenth century capitalism cannot systematically be associated with wage labor and “proletarians”: first, because proletarians and wage earners became dominant actors only with the second Industrial Revolution, while during the previous centuries—the ones we study here—peasant workers and servants were the leading actors.

In turn the colonial world exacerbated this trend: first it relied upon labor intensive processes; second it kept in life coercive rules on labor; and third it brought profits sustaining the existing aristocratic-bourgeois order in Europe.

This world collapses only after 1870 and above all with WWI when the old regime disintegrated. At this moment, capital intensive growth and the second industrial revolution accompanied the raise of the welfare state in Europe.

Unfortunately this new trend excluded peasants, artisans and women in the mainland and all the colonial world, not included under the umbrella of the new welfare state. These exclusions

contribute to explain the social and political explosions of the twentieth century, that is fascisms and communisms (peasants, artisans, landlords disbanded by the second industrial revolution) and violent decolonization.