

Capitalism and the Modern World-System

Rethinking the Nondebates of the 1970's*

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Giovanni Arrighi

Talking at cross purposes is often a major ingredient of so-called debates in the social sciences. The real, though generally undeclared purpose of such nondebates is not so much the shedding of light on their alleged subject matter as establishing or undermining the legitimacy of a particular research program—that is, what subject matter is worth investigating and how it should be investigated. Criticisms of empirically false or logically inconsistent statements are advanced not to improve upon the knowledge produced by a research program but to discredit the program itself. This, in turn, produces among the upholders of the program a siege mentality that leads them to reject valid criticisms lest their acceptance be interpreted as a weakness of the program. Worse still, the same fear leads to another kind of nondebate, namely, the lack of any debate of even the most glaring differences that arise among the upholders of the program.

Useful as these nondebates may be in protecting emergent programs against the risks of premature death, eventually they become counterproductive for the full realization of their potentialities. I feel that world-systems analysis has long reached this stage and that it can only benefit from a vigorous discussion of issues that should have been debated long ago but never were. The purpose of this article is to raise afresh some of these issues by examining briefly two major nondebates that marked the birth of the world-systems perspective—

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the Skocpol-Brenner-Wallerstein and the Braudel-Wallerstein non-debates.

THE WORLD-SYSTEMS PERSPECTIVE AND WALLERSTEIN'S THEORY OF THE CAPITALIST WORLD-ECONOMY

As Harriet Friedmann has pointed out (1996: 321), the emergence of the world-systems perspective as research program is inseparable from the influence of Immanuel Wallerstein's *The Modern World-System*, Vol. I (henceforth TMWS) and from the new institutions formed in its wake, most notably the PEWS Section of the ASA, the journal *Review*, and the Fernand Braudel Center. Thanks to this text and these institutions, the new research program

opened questions later blazed across headlines, and the subject of fast-breeding academic journals. If sociology has kept pace with "globalization" of the world economy, it is to the credit of the institutional and intellectual leadership initiated in 1974 by [Wallerstein's] remarkable study of the sixteenth century (Friedmann, 1996: 319).

The new perspective redefined the relevant spatial and temporal unit for the analysis of the more pressing social problems of our times. In Christopher Chase-Dunn's and Peter Grimes' words,

At a time when the mainstream assumption of accepted social, political, and economic science was that the "wealth of nations" reflected mainly on the cultural developments within those nations, [the world-systems perspective] recognized that national "development" could only be understood contextually, as the complex outcome of local interactions with an aggressively expanding European-centered "world" economy. Not only did [world-systemists] perceive the global nature of economic networks 20 years before such networks entered popular discourse, but they also saw that many of these networks extend back at least 500 years. Over this time, the peoples of the globe became linked into one integrated unit: the modern "world-system" (1995: 387-88).

Claims of this kind are somewhat exaggerated. As Wallerstein himself acknowledges, the emergence of world-systems analysis was

part of an ongoing revival of interest in capitalism as a world system—an interest which was alive among Marxists in the early twentieth century but subsided once the U.S.S.R. entered the path of “socialism in one country” (1991: 591). Moreover, much of the mainstream interest in issues of “globalization” of the 1980's and 1990's has a different genealogy and thrust than world-systems analysis (Wallerstein, in this issue). Nevertheless, it is no exaggeration to say that the insistence of world-systems analysis on the globality and historicity of developmental processes in the modern world brought about a major reorientation of social research.

In pioneering this reorientation, Wallerstein (1974; 1979 [1974]) advanced a theoretical and historical account of the origins, structure, and eventual demise of the modern world-system. A world-system was defined as a spatio-temporal whole, whose spatial scope is coextensive with an axial division of labor among its constituent parts and whose temporal scope extends as long as this division of labor continually reproduces the “world” as a social whole. A world-economy was defined as a world-system not encompassed by a single political entity. Historically, it was maintained, world-economies tended towards disintegration or conquest by one group and hence transformation into a world-empire—a world-system encompassed by a single political entity. The world-economy that emerged in sixteenth-century Europe, by contrast, survived this tendency, consolidated in the seventeenth and early eighteenth centuries, and went on to become the only world-system—in Wallerstein's own words—“that has ever succeeded in expanding its outer boundaries to encompass the entire globe,” thereby transforming itself “from being *a* world to becoming the historical system of *the* world” (1995: 5).

Central to this account of the formation and expansion of the modern world-system is its conceptualization as a capitalist system. Indeed, throughout Wallerstein's work, “modern world-system,” “world capitalist system,” and “capitalist world-economy” are used interchangeably. This may seem to suggest that capitalism constitutes the distinguishing characteristic of the world-economy that formed in Europe in the “long” sixteenth century (1450–1650) and subsequently expanded to encompass the entire world, in comparison with the world-economies of premodern times, which either disintegrated or were transformed into world-empires. Wallerstein himself suggests this much by saying that the modern world-economy might have gone in the same direction as premodern world-

economies, “except that the techniques of modern capitalism and the technology of modern science, the two being somewhat linked as we know, enabled this world-economy to thrive, produce, and expand without the emergence of a unified political structure” (1974: 16)

Had Wallerstein explicitly dealt with the issue of whether capitalism does differentiate the modern from the premodern world-economies and, if it does, how and why the precapitalist European world-economy was transformed into a capitalist world-economy, he could have provided a highly parsimonious and plausible explanation of the uniquely expansionary thrust of the modern world-system over the last 500 years. Unfortunately, he never raises the issue. Worse still, statements like the one just quoted—which suggest that only the modern world-system is capitalist—are accompanied by statements to the effect that “[c]apitalism and a world-economy (that is, a single division of labor, but multiple polities and cultures) are obverse sides of the same coin” (Wallerstein, 1979: 6), which suggest exactly the opposite, namely, that all world-economies are capitalist.

This kind of inconsistency soon became the common target of the two most influential critiques of Wallerstein’s TMWS, Robert Brenner’s and Theda Skocpol’s. Twenty years after their publication, these two critiques are still routinely cited in all dismissals not just of Wallerstein’s theory(ies) but of the world-systems perspective pioneered by that theory. The success of these critiques is no doubt largely due to their reaffirmation of the validity of more traditional Marxist and Weberian research programs in the face of the challenges posed by the emerging world-systems perspective. At least in part, however, their success rests on solid arguments with which world-systemists have yet to come to terms.

THE SKOCPOL-BRENNER-WALLERSTEIN NONDEBATE

Although the Skocpol and Brenner critiques have different thrusts, both underscore Wallerstein’s failure to account plausibly for the emergence of capitalism in the modern world. From the very start, Skocpol (1977: 1077–78) focuses her critique on the lack of insights offered by Wallerstein on “how and why capitalism emerged, has developed and might one day pass from the scene.” In explaining origins and dynamics, she finds Wallerstein awkward and

sketchy, in sharp contrast with his forcefulness on the subject of the stability of the world capitalist system—"once the system is established, everything reinforces everything else." As to origins,

To explain what he holds to be the demise of feudalism around 1450, Wallerstein... employs, first, an amalgam of historians' arguments about reasons for the crisis of feudalism (1300–1450) and, then, a series of teleological arguments about how the crisis "had to be solved" if "Europe" or "the system" were to survive. The emergence of the capitalist world system is presented as the solution. Thus in this one instance where Wallerstein actually discusses a supposed transition from one mode of production to another, he uses the language of system survival, even though such language is quite incongruous (Skocpol, 1977: 1078).

As to dynamics—"how world capitalism develops once it is established"—Wallerstein's repeated assertions that the system is dynamic are matched by "no theoretical explanation of why developmental breakthroughs occur."

The only definite dynamics of Wallerstein's world capitalist system are market processes: commercial growth, worldwide recessions, and the spread of trade in necessities to new regions of the globe. Apparently the final demise of the system will come after the market has spread to cover the entire globe and transformed all workers into wage laborers. But even the all-important dynamic of global expansion itself depends upon the occurrence of technological innovations—themselves unexplained (Skocpol, 1977: 1078).

After these initial observations, Skocpol develops her critique in two directions: Wallerstein's alleged "reduction of socio-economic structure to determination by world market opportunities and technological production possibilities," and his alleged second "reduction of state structures and policies to determination by dominant class interests" (1977: 1078–79). We shall deal with the first reduction in connection with the Brenner critique. For what concerns the second kind of "reductionism," three observations will suffice.

First, in an incidental but highly significant remark, Skocpol finds "curious" that "a theory that sets out to deemphasize the nation-state"—as Wallerstein's theory does—should give a decisive role to "a

hierarchy of dominating and dominated states” in creating a worldwide pattern of “unequal exchange.” This remark betrays a major misunderstanding of Wallerstein’s critique of the state-centered approach. Such a critique is not at all incompatible with a recognition of the centrality of states in shaping world-systemic processes. What is deemphasized in Wallerstein’s TMWS is the nation-state as *unit of analysis*. Nation-states as *institutions of the modern world-system*, in contrast, if anything are overemphasized.

Secondly, Skocpol’s (1977: 1083–85) famous criticism of Wallerstein’s category of the “strong state” is partly marred by the same misunderstanding. Wallerstein’s characterization of “core” states as “strong” states is indeed largely tautological—states are strong because they are core and they are core because they are strong. Skocpol is perfectly right in pointing out anomalies—most notably, the “weakness” by most standards of the United Provinces—and in invoking standards of state strength independent of core position. However, in criticizing Wallerstein she resorts to standards—e.g., command over large standing armies and extensive bureaucratic organizations—that are derived from state-centric analyses and ignore or downplay systemic sources of strength, such as the balance of power, geopolitical circumstances, and control over markets and world money.

Thirdly and lastly, Skocpol (1977: 1086) is on firm world-systemic grounds when she criticizes Wallerstein for underestimating the importance of politico-military competition among emerging European states as an autonomous resource in the explanation of the origins and dynamics of the modern world-system. As she acknowledges, the use of this resource is perfectly compatible with Wallerstein’s conceptualization of an interstate system as an integral component of the capitalist world-economy. Although Wallerstein does refer quite often to politico-military competition, the competition that really matters in the dynamics of his modern world-system is competition among capitalist producers in the world market and in one another’s domestic markets (see in particular 1980: ch. 2; and 1984: ch. 4). The issue of which kind of competition has actually been more important in the formation and expansion of the modern world-system must of course be settled on empirical-historical grounds. On these grounds, however, it seems to me that the issue was largely settled in Skocpol’s favor by William McNeill’s subsequent pathbreaking anal-

ysis of interstate military competition as the primary source of European advances, not just in military and industrial technology, but in commercialization and proletarianization as well (1982).

If Skocpol's critique is largely methodological and concerned primarily with the issue of state power and state formation, Brenner's critique is largely theoretical and concerned primarily with the mechanisms that account for the self-expansion of capital. Brenner (1977) has no disagreement with Wallerstein's definition of capitalism as a system based on production for sale in the market in view of a (maximum) profit and leading to accumulation of capital by way of innovation. As he explained more exhaustively in a subsequent paper, what he questions is that such a system could have become dominant locally and globally in the absence of two conditions. First, those who organize production must have lost the capacity to reproduce themselves so as to retain their established class position outside the market economy. And secondly, the direct producers must have lost control over the means of production (Brenner, 1981: 1, 4-5).

In Brenner's scheme of things, the first condition is necessary in order to activate and sustain the *competition* that will force the organizers of production to cut costs so as to maximize profits, not just through specialization, but through the ploughing back of profits and innovations. The second condition, in turn, is necessary in order to activate and sustain the *competition* that will force the direct producers to sell their labor power to the organizers of production and to subject themselves to the discipline imposed on them by the latter (Brenner, 1981: 5-6).

As Brenner fully acknowledges, this is nothing but a restatement of Marx's theory of capitalist production as sketched in Vol. I of *Capital*. Since this theory was itself modelled on the conditions of capitalist production as they developed in England before and after the Industrial Revolution, it is no surprise that Brenner finds that his and Marx's two conditions of the full development of capitalist production were present in England to a far greater extent than anywhere else. To this he adds the findings of his own research on the different outcomes of the class struggle between landlords and peasants in eastern and western Europe, and in different national locales of western Europe itself, namely in England versus France (Brenner, 1976). These findings are then used to establish a

connection between the peculiar outcome of the rural class struggle in England and the emergence therein of the above two conditions in almost ideo-typical form.

It would be easy to dismiss Brenner's critique as being based on a highly selective reading of Marx. In this reading there is no room for Marx's more world-systemic theorizations, most notably the thesis that the formation of a Eurocentric world market in the sixteenth century was the single most important condition for the emergence of capitalist production in western Europe, England included, in the following centuries. Brenner's theory and history of capitalist development does provide at least part of the explanation of why England in the eighteenth and nineteenth centuries emerged as the main center of capitalist production. But they have even less to contribute than Wallerstein's own theory and history to an explanation of how and why the world-systemic conditions for the development of capitalist production in England and elsewhere were created.

My purpose here, however, is not to develop a critique of Brenner's own account of capitalist development but to underscore the strong points of his critique of Wallerstein's account in order to see whether and how they can be met from a world-systems perspective. Two related issues seem to me to deserve special attention: 1) the impossibility of reducing processes of class formation and, more generally, socio-economic structures to position in the core-periphery (with or without semiperiphery) structure of the world-economy; and 2) the impossibility of explaining the emergence of a world capitalist system without a theoretically and historically plausible account of the *competitive* pressures that have promoted and sustained the emergence.

On the first issue, which was raised also by Skocpol, I have long been convinced that class relations and conflicts are not reducible to core-periphery relations, just as the latter are not reducible to class relations and conflicts (for a theoretically grounded critique of these two opposite kinds of reductionism, see Tomich, 1980; for an empirically grounded critique, see Arrighi & Piselli, 1987). The dogmatic insistence of many world-systemists on the primacy of core-periphery relations to counter the opposite claim by their critics has been one of the most disturbing features of the development or, rather, underdevelopment of the perspective. Its only result has been to alienate from the perspective some of its most serious practitioners.

Eric Wolf is a case in point. As Jane Schneider observes, quoting Wolf himself,

Occasionally, Wolf has been taken as a “world-system” theorist, bent on demonstrating unequal exchange between “core,” “peripheral,” and “semiperipheral” regions, differentially capable of producing high-profit goods and services. But, although he is ever aware of unevenness in the world distribution of profit and power, he faults this approach for obliterating the “range and variety” of the micropopulations “habitually investigated by anthropologists.”... If anything, the very concept “periphery” reifies difference, as if the ordering of power in the world had a teleology in which Europe ... had been destined to ascend to “core” status and stay there. Such thinking masks the contradictory reality, attended to by Wolf, that Europeans were “peripheral” to more developed power complexes for centuries (1995: 7–8).

The sooner world-systemists stop seeking an explanation for almost everything in core-periphery relations and their temporal equivalent—A-B phases of Kondratieffs and suchlike cycles—the better for the credibility of their analyses to anybody who is not already a true believer.

This brings us to the second issue mentioned above. Core-periphery relations and A-B phases cannot explain how and why in the course of the “long” sixteenth century the European world-economy metamorphosed into a capitalist world-economy. Brenner is perfectly right in pointing out that world-economies have existed for long periods of time throughout world history without becoming capitalist. Ironically, much of the comparative research carried out within the world-systems perspective (see in particular Chase-Dunn & Hall, 1997) substantiates this view and forces us to “unthink” Wallerstein’s simple dichotomization of world-economies versus world-empires, as well as his equation of capitalism and world-economy as obverse sides of the same coin. Moreover, once we recognize that world capitalism is not a mere outcome of the persistence of world-economies, we must provide some answer to Brenner’s question of what kind of competitive pressures promoted and sustained the capitalist metamorphosis of the European world-economy in the “long” sixteenth century.

In a recent restatement of his position, Wallerstein (1992) pays greater attention to the issue of the emergence of capitalism out of the collapsing structures of European feudalism and explicitly asks the question “why did not capitalism emerge anywhere earlier?” After surveying a somewhat revised amalgam of historians’ arguments about the crisis of feudalism—including Brenner’s—he provides the following answer.

The insidious threat of market-generated wealth is invisible, capricious, and ultimately totally irrational. It was therefore always unacceptable. To let the genie out of the box one would have to be very desperate indeed. I have tried to indicate the reasons for the desperation of Western Europe’s ruling [strata] during the “crisis of feudalism,” why it is they saw no way out within the parameters of social organization as they knew it, and why therefore in effect the large majority of the seigniors began to transform themselves into capitalist entrepreneurs. . . . What sustained the new system and allowed it to consolidate itself was that it worked for the ruling classes, worked that is in the elementary sense that, within 100–150 years, all threat to the position of the ruling strata from the emergent kulak strata had disappeared and the seigniorial (now capitalist) share of the absolute and relative surplus had catapulted up once again, to maintain itself at a constantly high level throughout the history of the capitalist world-system (Wallerstein, 1992: 613, 615).

Leaving aside its historical accuracy, the argument presented here is no less teleological than the one presented in TMWS. What’s more, it contradicts Wallerstein’s own contention that disintegration was one of two normal tendencies of world-economies in premodern times—the other being transformation into world-empires. If world-economies that were not transformed into world-empires normally disintegrated, the “desperation” of their ruling strata must have been of the same order as that of the ruling strata of Europe at the time of the crisis of feudalism. Why then, did they not transform themselves into capitalist entrepreneurs, as European seigniors allegedly did as a result of the crisis of feudalism? Wallerstein does not even ask the question, so that the issue of the transformation of the European world-economy into a *capitalist* world-economy remains unsettled. In order to settle it, the issue must be recast in the light of another

nondebate—the debate Wallerstein never had with his great inspirer, Fernand Braudel.

THE BRAUDEL-WALLERSTEIN NONDEBATE

A French historian close to Braudel once told me off the record that Braudel didn't really know what he was doing until Wallerstein came along and told him. I suppose that what he meant is that Braudel did not know that he was doing world-systems analysis until he read TMWS. True or false, the remark later induced me to check how Braudel responded to TMWS, which he read before completing the third volume of his *Civilization and Capitalism*.

The very title of Braudel's volume III—*The Perspective of the World*—betrays a Wallersteinian influence. And the explicitly "theoretical" Chapter I is packed with references full of praise for Wallerstein's "world-economy model." More implicitly than explicitly, however, Braudel's interpretation of the rise of a capitalist world-economy in Europe departs in key respects from Wallerstein's. It is on these departures that I will focus.

Braudel's most explicit disagreement with Wallerstein is set out in the well-known passage in which he confesses to not sharing "Wallerstein's fascination with the sixteenth century."

For Wallerstein, the European world-economy was the matrix of capitalism. I do not dispute this point, since to say central zone or capitalism is to talk about the same reality. By the same token however, to argue [as I do] that the world-economy built in the sixteenth century on its European site was not the first to occupy this . . . continent, amounts to saying that capitalism did not wait for the sixteenth century to make its first appearance. I am therefore in agreement with the Marx who wrote (though later went back on this) that European capitalism—indeed he even says capitalist *production*—began in thirteenth-century Italy (Braudel, 1984: 57).

This spatio-temporal relocation of the origins of European capitalism—from the sixteenth to the thirteenth century and from northwestern Europe to Italy—betrays a far more fundamental departure from Wallerstein's theory and history of the capitalist world-economy than may appear at first sight. For one thing, the idea that more

than one capitalist world-economy may have occupied the European continent at different points in historical time is absent from Wallerstein's account of the origins and development of the modern world-system. To be sure, Wallerstein admits that not one but two distinct nascent world-economies existed *simultaneously* on the European continent prior to the establishment of the modern world-system—"a medium-sized one based on the city-states of northern Italy and a smaller one based on the city-states of Flanders and northern Germany." He even says that in the sixteenth century the modern world-system was "constructed out of the linkage of [these] two formerly more separated systems" (1974: 36–37, 68). Nevertheless, this is not the same as saying—as Braudel does—that Europe has been the site of a *succession* of world-economies, *before and after* the sixteenth century.

Thus, in introducing his discussion of the "divisions of time" needed "to locate chronologically, and the better to understand those historical monsters, the world-economies," he suggests that not just two but "several world-economies have succeeded . . . each other in the geographical expression that is Europe. Or rather the European world-economy has changed shape several times since the thirteenth century" (Braudel, 1984: 70–71). And in concluding that same discussion, he makes clear that these changes are not merely quantitative but qualitative, true "breaks with the past" marking "transitions from one system to another." These transitions are announced by "crises" which "mark the beginning of a process of deconstruction: one coherent world system which has developed at a leisurely pace is going into or completing its decline, while another system is being born amid much hesitation and delay" (Braudel, 1984: 85).

In subsequent chapters, Braudel seeks the clue to these systemic metamorphoses of the European world-economy in the succession of "dominant cities" that came to constitute both "its centres of gravity" and its "organizing centres" (1984: 35–36). In this account there is not a word about the "crisis of feudalism"—the only systemic crisis Wallerstein (1982: 11) recognizes prior to the present crisis—nor about the transition from feudalism to capitalism, which is central to Wallerstein's account. The focus is instead on how a world-economy centered on city-states was transformed into a world-economy centered on territorial states and, in the process, expanded its tentacles to encompass the entire globe.

At the basis of these differences in accounting for the emergence and evolution of the European-centered capitalist world-economy, we can detect equally fundamental differences in the very conceptualization of capitalism and its relationship to a trade-based division of labor. Whereas Wallerstein defines capitalism as a mode of production grounded in a trade-based division of labor, Braudel defines it as the top layer of the world of trade—the layer, that is, where the large profits are made—which he contrasts with the intermediate layer of the market economy and the bottom layer of the “noneconomy” or, rather, the layer of extremely elementary and mostly self-sufficient economies (1982: 21–22, 229–30).

Whatever their comparative merits, these different definitions lead Braudel and Wallerstein to look in different directions for the origins of world capitalism. Wallerstein looks for them in the organization of agricultural production in the territorial states of northwestern Europe—the states, that is, that in the seventeenth and eighteenth centuries emerged as the leading locales of capitalist production. Braudel, in contrast, looks for them in the organization of long-distance trade and high finance in the city-states of northern Italy. These city-states were interstitial formations, which by the seventeenth and eighteenth century had lost out in the intercapitalist competitive struggle, but for most of what Braudel calls the “extended” sixteenth century (1350–1650) had been the leading capitalist organizations of the European world-economy.

Unfortunately, there never was a debate between these two great exponents of the world-systems perspective on this fundamental discrepancy on where to look for the origins of the world capitalist system. This is unfortunate because the reorientation of the search for origins advocated by Braudel is in my view necessary in order to fill the truly “missing link” in Wallerstein’s theory of the modern world-system—namely, a plausible account of the competitive pressures that have promoted and sustained the capitalist transformation of the European world-economy. To be sure, while Wallerstein at least offers an implausible account of the emergence of such pressures—the subjective metamorphosis of European seigniors into full-fledged capitalist entrepreneurs in a moment of conjunctural desperation—Braudel offers no account at all. But the direction in which he points as the original seat of the transformation is the right direction. That’s where I have looked in my own reconstruction of the origins of the world capitalist system (Arrighi, 1994)—a world capital-

ist system which, as Wallerstein has put it so well in a previously quoted passage, has transformed itself from being *a* world to becoming the first historical system of *the* world. By way of conclusion, let me briefly point out how this reconstruction bears upon the two nondebates examined in this article.

THE INTERSTITIAL ORIGINS OF THE WORLD CAPITALIST SYSTEM

The most important consideration is that Wallerstein's failure to respond to the challenges posed to his theory of the origins and dynamics of the modern-world system by his most influential critics is due primarily to the fact that he remained trapped in the research agenda of the then predominant state- and class-centric analyses. The entrapment is most evident in the importance he attaches to the crisis of feudalism—ironically, a social system that has no place in his typology of totalities. The crisis of feudalism and the so-called transition from feudalism to capitalism in European agriculture are no doubt very relevant to an understanding of English, French, Polish, Swedish and many other “national” histories of the European world. They nonetheless are largely if not entirely irrelevant to an understanding of the origins of world capitalism for the simple reason that world capitalism did not originate within the economic activities and social relations that were predominant in the larger territorial organizations of the European world. Rather, it originated in the *interstices* that connected those larger territorial organizations to one another and their totality to other “worlds.”

As magisterially sketched in Janet Abu-Lughod's (1989) account of the Eurasian world trading system of the late thirteenth and early fourteenth centuries, the organizations that developed in these interstices, both in Europe and elsewhere in the thirteenth and fourteenth centuries, were not territorial states at all, but city-states, quasicity-states, extraterritorial business networks, and other nonterritorial organizations. It was within these organizations that the largest profits were made and various forms of capitalism thrived. As a rule, these profits originated in longdistance trade and highfinance, although they sometimes found their way into the reorganization of shortdistance trade and production proper (Braudel, 1982).

In seeking the origins of world capitalism in the agriculture of the larger territorial states of Europe, Wallerstein necessarily finds himself in great difficulties in responding to his critics for the simple reason that world-capitalism did not originate within, but in between and on the outer rim of these states. An understanding of the process whereby the European world-economy became a capitalist world-economy requires that we focus on the interstitial growth of capitalism within and between "worlds," in an attempt to provide some plausible account of how and why in Europe and only in Europe this interstitial growth, so to say, got out of hand, subjected the territorial states themselves to its logic, and thereby propelled them towards the "endless" accumulation of capital. The account that I have proposed (see Arrighi, 1994: especially chs. 1 and 2) rests on three main hypotheses.

The first hypothesis combines Braudel's contention that the Italian city-states were the original centers and organizers of the "first" capitalist world-economy with Max Weber's contention that interstate competition for mobile capital has created the largest opportunities for modern capitalism. Whereas in premodern times the formation of world empires swept away freedoms and powers of the cities that constituted the main loci of capitalist expansion, in the modern era these loci came under the sway of "competing national states in a condition of perpetual struggle for power in peace or war. . . . The separate states had to compete for mobile capital, which dictated to them the conditions under which it would assist them to power" (Weber, 1961, 249). This competition for mobile capital among the larger territorial organizations of Europe enabled the city-states of northern Italy to become extraordinary "containers" of wealth and power in the interstices of the European political system, and thereby become "models" of state-and-war-making for the larger territorial organizations.

The second hypothesis is derived from Garrett Mattingly's contention (1988) that these same city-states came to be organized into an intercity-state system that anticipated by two centuries the main features of the system of sovereign national states instituted by the Treaties of Westphalia in 1648. The city-states, in other words, became a model not just for the individual units of the emergent system of national states but also for the system as a whole. From this perspective, the most important transition in the formation of the modern world is not from feudalism to capitalism but from an inter-

stitial capitalist formation embedded in a system of city-states to a world capitalist system embedded in a system of nation-states.

The third hypothesis is derived from McNeill's contention that the interstate politico-military competition first pioneered by the Italian city-states has been the primary source of the technological and organizational advances that have generated and sustained the extraordinary expansionary thrust of the modern world-system. As McNeill himself sums up,

Within the cockpit of western Europe, one improved modern-style army shouldered hard against its rivals. This led to only local and temporary disturbances of the balance of power, which diplomacy proved able to contain. Towards the margins of the European radius of action, however, the result was systematic expansion—whether in India, Siberia or the Americas. Frontier expansion in turn sustained an expanding trade network, enhanced taxable wealth in Europe, and made support of the armed establishment less onerous than would otherwise have been the case. Europe, in short, launched itself on a self-reinforcing cycle in which its military organization sustained, and was sustained by, economic and political expansion at the expense of other peoples and polities of the earth (1982: 143).

In the account that I have constructed on the basis of these hypotheses, the competitive pressures that have promoted and sustained the capitalist transformation and the “endless” expansion of the European world-economy are structural and systemic rather than local and conjunctural. Moreover, their strength constantly increases over time provoking the recurrent systemic crises and developmental breakthroughs that have enabled the world capitalist system to globalize itself. In my view, the account meets the most important and valid criticism of Wallerstein's theory of the modern world-system without making any concessions to the detractors of the world-systems perspective. My only hope is that it will not become the object of yet another nondebate.

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