

REVERSE MODERNIZATION ANALYSIS: EXPLORING A HISTORY OF HOW VESTED INTERESTS WERE POLITICALLY MARGINALIZED BEFORE MODERN ECONOMIC DEVELOPMENT

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Abstract

This working paper experiments with what the author calls “reverse modernization analysis,” that is, revisiting the historical West from the perspective of today’s developing countries instead of the teleological approach of modernization theory (just like engineers do reverse engineering). We know today that democracy and authoritarianism alike have witnessed both positive and negative cases of economic development. Therefore, instead of questioning the economic consequence of polity, the paper commences an exploration of an alternative historiography of development focused on how underproductive vested interests were politically marginalized—a political settlement necessary for modern economic development. It briefly examines five major country cases in the period before the 20th century: Britain, France, Germany, Italy, and Japan. The preliminary empirical analysis shows that the decline of conservative elites, which is divided into three patterns—revolution, ruler’s alliance, and parliamentary politics—was caused by sui generis courses of events rather than by common systematic factors. This finding may be frustrating, but implies that political games are like sports games: even if a team does its best, victory is not guaranteed when the opponent plays well. The team still needs to stay ready to take advantage of windows of opportunity when they open.

Keywords: Europe, Japan, modern economic development, political settlement, vested interest

Certain major obstacles to industrialization *must* be removed.

—Alexander Gerschenkron (1962: 31)

We often focus on ourselves and neglect what others do. This also applies to our view of history. When we look at past successes, we often only appreciate the strength of protagonist actors, ignoring how their enemies acted. Especially, the so-called Whig historiography exhibits such propensity: in its worldview, modernization is considered a consequence of the rise of liberalism, represented by Britain's Whig Party (a precursory parliamentary group of the Liberal Party).¹ While the moral virtue of liberalism is undoubtable, attributing the success (or failure) only, or fully, to the political power of certain social forces (or lack thereof) is analytically inappropriate. Think of any sports game—for instance, the recent World Cup final played in Doha between Argentina and France.² It is clear that the result of the game is subject not only to how one team played but also to how the other did.

This issue is also relevant to the history of economic development since England's growth toward the Industrial Revolution, a field that has been witnessing a reemergence of the Whig perspective in recent decades (North, Wallis, and Weingast, 2009; Acemoglu and Robinson, 2012). Meanwhile, the recent studies of postcolonial and contemporary global development increasingly highlight the importance of agency and political coalitions (Leftwich and De Ver, 2018), and of political settlement (Khan, 2018) and bargain (Dercon, 2022), to the process of development, but the

existing literature tends to focus on “change agents” as protagonists of narratives, treating their enemies, “vetoers-to-change,” as given constraints or fixed barriers. To draw a fuller picture of developmental change, we need a perspective that illuminates this other side of the coin, that is, vested interests who act to preserve the status quo and resist reform—those who in the historical West eventually lost the political game and made modern economic development possible.

This working paper consists of four sections. First, it suggests what I call “reverse modernization analysis,” an approach to the historical political economy of development. Second, it briefly reviews the existing political historiographies of development, especially liberal and non-liberal historiographies. Third, it introduces an alternative approach focused on the political marginalization of vested interests, providing a quick analysis of five major country cases in the period before the twentieth century: Britain, France, Germany, Italy, and Japan. Fourth, it summarizes and discusses the preliminary findings and identifies remaining tasks.

1 This perspective came to be recognized following Herbert Butterfield's critical essay *The Whig Interpretation of History* (1931). Bentley (1997: 65–66) lists the following historians as subscribing to the Whig perspective: Macaulay, Hallam, Stubbs, Froude, Freeman, Green, Lecky, Acton, Seeley, Gardiner, Firth, and Bury.

2 The match took place on December 18, 2022. Argentina won with a score of 3–3 (4–2 on penalties).

1. Looking into the past from the present: a reverse modernization analysis

Scholars have long explored why some countries have done well in economic development while others continued to struggle. Today, only around 50 countries, or a quarter of all countries, are above \$20,000 in GDP per capita, a threshold used by the OECD to judge the necessity of foreign aid to the country (around 40 countries, if microstates in Europe and resource-rich states in the Middle East are not counted). Indeed, around 100 countries, or half of all, have not even reached \$10,000 (International Monetary Fund, 2022).

With the recent rise (or resurgence) of institutionalism as a major approach to the studies of economic development, a fresh light has been shed on the field of economic history. The so-called persistence studies that explore connections between the previous and present status of development have increasingly been popular.³ With such a historical turn, the “Western miracles” before the two world wars and the global underdevelopment (and some development cases) after these wars have again been discussed under the consistent analytical frameworks—decades after the separation of the two agendas following the decline of modernization theory (Rostow, 1960). Modernization theory, which arose from the experience of the historical West, initially encouraged politicians and intellectuals in the postcolonial developing world to expect that their countries would start growing like the West, but the non-materialization of that expectation urged economists to

seek the sources of these countries’ common stagnation, or some exceptional success cases, independently of the experience of the historical West—represented, respectively, by dependency theory and developmental-state scholarship.

Along with the historical turn, the recent trend in the studies of economic development is also characterized by the political turn. The “politics of development” has increasingly been a popular topic of inquiry, attracting more social and political scientists to economic history, too.⁴ While economic historians influenced by new institutionalists like North, Wallis, Weingast, Acemoglu, and Robinson discuss historical and contemporary development from the perspective of political representation and participation, researchers in historical sociology and comparative political economy have been inspired by the search for the drivers of state capacity, such as war (Tilly, 1992), colonialism (Kohli, 2004), and counterrevolution (Slater and Smith, 2016).

As these historical and political turns once again direct our attention to the consistent analytical frameworks straddling the historical West and the postcolonial-contemporary rest, it is now worth revisiting what went wrong with modernization theory to not repeat its mistakes. We know in hindsight that the theory was heavily criticized, especially for its so-called teleological assumption of the linear path of progress. Nevertheless, the theory was, at least initially, welcomed by not a few people as useful

³ See *The Handbook of Historical Economics* (Bisin and Federico, 2021), especially chapters 1 and 2.

⁴ See *The Oxford Handbook of the Politics of Development* (Lancaster and Van de Walle, 2015).

guidance for modern economic development. How did that happen? And where did the pitfall lie?

It appears that a hint for answering these questions is the fact that Walt W. Rostow's prominent work, *The Stages of Economic Growth: A Non-Communist Manifesto* (1960), was authored with a certain political motivation. As its subtitle suggests, Rostow wrote it with the objective of creating a grand theory countering the Marxist discourse of political economy amid the context of the early, and intense, Cold War. Following his policy advisory experience, which was behind the creation of the Marshall Plan and the USAID, the book overtly aimed at illuminating capitalism's promise of prosperity and its greater attractiveness over Communism, to urge politicians and intellectuals in the postcolonial developing world to find a hope in the former. The book, thus, had to present a simple, straight path leading to the desirable future.

However, today, with such ideological imperatives already gone (or at least significantly diluted), political economy researchers of the historical West can release themselves from such tense duties of serving as "instructors" or "model makers" for the developing world. They can even afford to reconsider the past experience of the West by looking into it with the insights emanating from the present. In addition to asking why postcolonial developing countries have not been growing like the West, they can ask how the historical West eschewed or overcame the barriers facing the economies of the developing world since the mid-20th century.

In fact, as understandings of the global underdevelopment have accumulated over the

past decades since dependency theory, some insights emanating from these understandings have already been serving as torchlights to help scholars revisit the historical West. One example is "resource curse" scholarship,⁵ which has made scholars question why oil-abundant countries in the West, such as the United States and Norway, eschewed falling into the trap of resource-dependency under-industrialization. This question led to a new finding that the precedence of the building of effective institutions to the beginning of resource extraction generates a positive "resource blessing" effect (Robinson, Torvik, and Verdier, 2006; Couttenier, Grosjean, and Sangnier, 2017).

I call such a from-the-present-to-the-past approach a "reverse modernization analysis." Just as engineers do reverse engineering to analyze how existing products have been made, through reverse modernization analysis researchers interested in both contemporary global (under)development and the historical Western miracles can study how today's advanced economies underwent their early development by making use of the growing body of knowledge about what hinders or harnesses growth in today's developing countries. By so doing, they can aim to understand in greater depth how those historical "would-be" advanced economies eschewed or overcame some common impediments to development.

5 See *The Resource Curse Revisited* (Stevens, Lahn, and Kooroshy, 2015).

2. Liberal and non-liberal historiographies of economic development

With regard to the discussion on historical and postcolonial economic development, one of the discussion's distinctive features is competition between what may be called “liberal” and “non-liberal” historiographies.

In liberal historiography, political representation and participation is associated with modern economic development. It is reminiscent of the Whig historiography, which, according to British historian Julian Hoppit, is already marginal in the field of history, but its inspiration remains in economics and political science (Hoppit, 2017: 30).⁶ Non-liberal historiography, in contrast, renders a view that development is possible, or even more effectively pursued, under authoritarianism; it often illuminates the role of the state in orchestrating the catch-up process. The former historiography often uses Britain, France, and the US as references. The latter historiography was initially exemplified by Germany (Prussia) and Russia (Gerschenkron, 1962), and has also been reinforced by developmental state scholarship on the Asian Tigers,⁷ being lately added by an interest in “state capitalism,” chiefly referring to China (Bremmer, 2010).

The historical association between political participation and economic development may appear to hold if we

consider the following facts, for example: parliamentary Britain achieved the Industrial Revolution well before its absolutist peers on the European continent; France's industrial catch-up with Britain occurred following the French Revolution; and the US became, and has remained, the world's largest economy—although immediately one must have reservations that what these states had at the time of industrialization was elitist or racist liberalism rather than full democracy. Universal manhood suffrage did not emerge in Britain until 1918, and African-Americans, subject to the discriminatory Jim Crow system, were not sufficiently empowered politically until the 1960s.

However, closer looks offer nuanced understandings. For Britain, whether the Glorious Revolution of 1688 triggered the Industrial Revolution, as is claimed by liberal economic historians, remains under debate, with skepticism remaining strong (Hodgson, 2017); and its monarchy before the 19th century was semi-constitutional at best, and it means that it was also semi-authoritarian (Bogdanor, 1995: chapter 1). For France, in spite of the symbolic Revolution of 1789, the country was under authoritarianism or semi-authoritarianism for most of the period before

6 The recent political turn in economic history has been accompanied by a reemphasis on liberal historiography, leading to new coinages, such as “open access order” (North, Wallis, and Weingast, 2009) and “inclusive institutions” (Acemoglu and Robinson, 2012). Why this reemphasis emerged may be a topic worth exploring. One conceivable backdrop is liberal triumphalism since the end of the Cold War, most prominently embodied in Francis Fukuyama's *The End of History and the Last Man* (1992), which may possibly be compared to the sense of British supremacy in the 19th century that formed the backdrop to the Whig historiography (Bentley, 1997: 63). Another is the growing concern over the rise of authoritarian China and increasing cases of “democratic backsliding” around the world; Britain in the 19th century also saw rising authoritarian competitors, such as Germany and Russia.

7 See Haggard (2017) for an overview of developmental state scholarship.

1870, being ruled by Robespierre, Napoleon, the restored Bourbon monarchy, the Orléans monarchy, and Napoleon III. Therefore, the US is a better fit for the liberal historiography of development, but the problem with the historical US is that its generalizability is questionable. Its democracy was installed in the absence of traditional landed nobility (there were Southern planters, but they were not the dominant political forces in the country as a whole). Latin American countries, where the landed elites persisted even after decolonization, are closer to the globally ubiquitous pattern, and in these countries parliaments guaranteed neither stability nor competitive industrial growth. There are other European countries where the link between parliamentarism and development seems to hold, such as Italy, the Low Countries, and the Nordic countries, but there are also complicated cases, such as Austria and Spain, where development does not seem attributable to parliamentarism alone. In the developing world, too, intraregional comparisons often question the linkage, most famously, the comparison between postcolonial South Korea and the Philippines (Kang, 2002).⁸

Nevertheless, non-liberal historiography also suffers from selection bias. Obviously, there have been a number of underdeveloped autocracies. Some countries, such as the Philippines and Egypt, shifted from parliamentarism to autocracy partly because of the accusation of rampant corruption among the privileged parliamentary elites, but the regime change did not bring about growth on par with that of the Asian Tigers, for instance.

Some other countries, such as Thailand and Pakistan, are known for their frequent regime-type rotation (Thailand is sometimes viewed as a case of successful catch-up, but its GDP per capita is far below the global average).

In a nutshell, after the long, yet unsettled, discussion on the developmental superiority of parliamentarism or authoritarianism, such “which” debate does not seem so productive to continue with. Now we already know of cases of both liberal and non-liberal developmental success—and failure.⁹ It appears more constructive to seek commonalities between the cases of liberal and non-liberal success that are not found in the cases of liberal and non-liberal failure, and to attempt to build an alternative historiography based on such commonalities.

⁸ South Korea and Taiwan famously democratized following industrialization. Abramson and Boix (2019) also indicate that parliamentarism in historical Europe itself was brought about by growth.

⁹ Also see the quantitative study of Przeworski et al. (2000: chapter 3) for the neutrality of the regime type to growth.

3. The political marginalization of vested interests

As a political historiography of development alternative to those focused on polity, I suggest one that explores how underproductive vested interests were politically marginalized. Such political marginalization can occur regardless of polity and can create spaces—economic, fiscal, and/or administrative—for liberal reformists representing more productive social forces.

Who the underproductive vested interests and the productive social forces, respectively, were depends on the context of each case. In most countries, the vested interests were landowners; some cases included privileged commercial actors like guilds and monopolies; the Church also represented the vested interests in terms of its land ownership and its control of education; in the case of Japan, the dominant traditional groups, the samurai, were the unlanded civil servants. The productive social forces were those associated with capitalism, such as entrepreneurs, urban professionals, commercialized landowners, and nationalist bureaucrats. Their productiveness was based on merit in terms of knowledge, skills, and technologies, while rent seeking tended to be the norm among the vested interests (this does not mean that the productive forces were free from patronage or corruption, but their cases were at least

an eclectic “meritoclientelism”). In terms of political interaction, it is assumed that the vested interests were represented by the status quo-oriented conservatives and the productive social forces by the liberal reformists. Modern economic development is considered as a result of political settlements between these vetoers-to-change and change agents in favor of the latter and to the detriment of the former.^{10 11} For the unit of analysis, I adopt “political group” instead of class. This is because both change agents and vetoers-to-change sometimes crosscut multiple classes (for instance, the English Whig coalition of commercialized landowners and independent merchants versus the Tory coalition of traditional landowners and trade monopolies), or only represent part of the class (for instance, Japan’s Meiji revolutionaries from the lower samurai class of some local states).

3.1. Revisiting Rostow

Rostow (1960), in fact, already incorporated vested interests into his discussion on modernization. In his terminology, vested interests are described as the “traditional society” where landowners were powerful in kinship-based politics; they are contrasted with

10 Viewing vested interests as forces of resistance to reform, or any desirable change, is not new itself, but as Moe (2015) notes: “[V]ested interests are part of the everyday language of political science. But they are not part of its theories, at least not in any explicit or systematic way.” Moe claims that vested interests have been undertheorized in institutionalism despite their importance to both institutional stability and change. Although his analytical context is US democracy, his arguments are sufficiently generic to inspire the debate on economic development.

11 In nurturing this analytical framework, I was most inspired by Kohli’s (2004) analysis of colonial Korea. Kohli argues that South Korea’s economic development has its roots in the removal of the traditional *yangban* elites from the state by the Japanese colonial regime. This is contrasted with the continuity of the traditional elites in colonies of the Western empires who remained even after decolonization and constrained development.

capitalism-minded reformers who embraced nationalism instead of narrow interests. Although his theory is often equated with a call for capital accumulation, Rostow, in fact, identifies the “decisive feature” of the transition from a traditional society to a “take-off” as being political (p. 7). This issue is only briefly discussed in *The Stages of Economic Growth*, but after around a decade—after his serving the Kennedy and Johnson administrations as one of the so-called best and the brightest (Halberstam, 1972)—Rostow published a less-known sequel, *Politics and the Stages of Growth* (1971), in which he allots more pages to the empirical analysis, highlighting eight country cases: England/Britain, France, Prussia/Germany, Russia, Japan, China, Turkey, and Mexico.

Nevertheless, while Rostow was aware of the relevance of the political struggle between the traditional and reformist elites, he did not delve into the detailed dynamics of that struggle. Possibly because of the aforementioned political intention or propensity, he simply remained optimistic about the victory of the reformist elites, seeing the change process as “self-reinforcing” despite its being ridden with “irregularity” and “setbacks” (Rostow, 1971: 62). Rostow attempts to theorize the political rise of the reformist elites as a nationalist reaction to external intrusions (introduction), but neither is his conception rigorous—the concept of intrusion is stretched, including almost any kind, ranging from invasion and colonialism to

economic pressure and transmission of ideas (p. 58)—nor, thus, is his empirical analysis of the eight cases coherent.

Still, Rostow makes some sharp observations. I especially agree with his dichotomy of “general case” and “born-free case” (Rostow, 1960: 17–18), with the latter referring to the British offshoots in North America and Oceania that were freer from the traditional society than many other parts of the world. I describe elsewhere the almost same phenomenon as an “‘institutional tabula rasa’ model deriving from the émigré nature of the society” (Yamada, 2022: 873) in the context of East Asia referring to the Chinese offshoots and peripheries (such as Taiwan and Manchuria).¹² I also find Rostow’s extension of this dichotomy to the Scandinavian cases insightful. Scandinavia (long divided by the Swedish and Danish empires) was not itself an émigré society, but there the political power of the large landowners had been more limited than in the rest of Europe.¹³ In both Sweden and Denmark, the absolutist monarchy was based on the Crown’s alliance with independent farmers, rather than with the large landowners—from which a transition to a more egalitarian form of capitalism than elsewhere occurred (Jespersen, 2019).¹⁴

In most countries, however, the landowners, as Rostow’s “general case” indicates, were politically powerful and persistent, with their rents protected by dynastic regimes in exchange for their support of the regime in

12 I developed this idea from Hsieh’s (2011) comparison of Japanese colonial governance in Taiwan and Korea.

13 The origins of this weak political power of the large landowners itself requires an explanation. One possible answer is the low level of the Crown’s fiscal dependence on domestic taxation: Sweden as a Baltic empire had external revenue sources, while Denmark served as a thriving entrepôt of the Atlantic-Baltic trade through the Sound (Øresund).

14 In Denmark, the large landowners were even on the modernizing side: Denmark’s agricultural diversification into dairy products was led by those who enjoyed the advantage of economies of scale (Lampe and Sharp, 2018).

many ways, not only political and military, but also fiscal (taxation) and administrative (bureaucracy). It was once considered by historians that the power of these landed nobles had faded under the absolute monarchy after the seventeenth century—which rose in continental Europe following the development of standing armies, as a result of the Thirty Years’ War (1618–48) (Barnett, 1970). Nevertheless, recent studies indicate that such internally hegemonic absolutism was rather rhetorical or theoretical and, at best, “in the making”: even the Bourbon regime under Louis XIV (r. 1643–1715), the archetypal “absolute” monarch, did not enjoy unlimited power but had to maintain a careful balancing of competing social interests (James, 2013: introduction) (thus, in this paper I use the adjective *absolutist*, instead of *absolute*, when referring to monarchies without a parliament).¹⁵

3.2. Patterns of the decline of incumbent conservative elites

How, then, were these politically powerful conservative elites marginalized in countries that achieved modern economic development? In this paper, I explore five major country cases before the 20th century: Britain, France, Germany, Italy, and Japan.¹⁶ Among these five

cases, I identify three patterns of the decline of the conservative elites, which are (tentatively) labeled as (1) revolution, (2) ruler’s alliance, and (3) parliamentary politics.

3.2.1. Revolution

Revolution may be the intuitively clearest pattern of the decline of the conservatives. Although the term originally only meant rotation, particularly of celestial bodies, since the 16th century it has been used to refer to great political transformations. Theda Skocpol (1979: 4) defines (social) revolutions as “rapid, basic transformations of a society’s state and class structures.” Because my analysis highlights political groups rather than classes as mentioned above, I assume that revolutions eliminate incumbent elite groups that have supported the ancien *régime*, and clear a variety of spaces—political, administrative, fiscal, and economic—for change agents associated with more productive economic interests.¹⁷

There was, however, only a single case of revolution in the pre-20th-century West (excluding the separatism cases, which have also historically been called revolutions)¹⁸ that resulted in a stable new regime lasting longer than a quarter century and achieving institutional changes necessary for modern economic growth: the French Revolution.

15 Tilly (1992), a prominent bellicist theorist, also argues that interstate war curtailed the autonomy of the landed nobles, but he sees that they had not been politically marginalized until the French Revolution and the Napoleonic Wars.

16 This paper skips the Low Countries and Switzerland because I believe that these countries were more advantaged in catch-up as they had been the most advanced in industrial production before the British Industrial Revolution.

17 In terms of the disappearance of the incumbent elites, socialist revolutions should also be considered conducive to economic growth, at least in the short run, before the new “mass vested interests” are created within the state and constrain efficient allocation of resources. Indeed, what urged Rostow to write *The Stages of Economic Growth* was the good economic performance of many socialist states, which kept the socialist economic agenda attractive.

18 Some independence cases, however, seem to have an effect similar to revolution. For instance, the dominant political groups in the Baltic states under the Russian Empire were foreign landowners (Germans in Estonia and Latvia, and Poles in Lithuania). These landowners lost power with the collapse of the Romanov dynasty (Kasekamp, 2010).

The Puritan Revolution in England executed the Stuart king Charles I (r. 1625–49), but the following republican regime (the Commonwealth) turned into political chaos, and the Stuart dynasty was restored in 1660. The Glorious Revolution, which ousted James II (r. 1685–88), prevented England from following in the footsteps of continental states in nurturing absolutism but did not directly result in the decline of the incumbent conservative elites (as I discuss later in the paper).

France: France was, thus, clearly an “outlier” in historical Europe. Other major European states witnessed the decline of the conservative elites under the monarchical regime. The French Revolution was a significant historical event, serving as a model for liberal triumph, probably more inspiring to many than the Glorious Revolution (an inspiring model is usually an outlier). Nevertheless, republic did not become a standard polity in 19th-century Europe. At the end of the century, only France and the Swiss Confederation were republics.

Another analytical pitfall concerning the French Revolution is that we sometimes take a “snapshot” (or “TikTok”) view of it and overlook the course of politics in the long run. Here, the fact that the French First Republic and the First Empire (which only had a façade of popular sovereignty) were followed by the restoration of the Bourbon dynasty with Napoleon’s defeat against the alliance of Britain, Prussia, Austria, Russia, and other states should not be neglected. To fully understand the decline of the French conservatives, we need to examine the Restoration period after 1815 (I do this in the next section).

Japan: There is, however, a case of a stable new regime outside Europe. The Meiji regime in Japan did not face serious counterrevolutions and remained in place—arguably until 1945. The Meiji Restoration of 1868 is normally recognized as a revolution in the Japanese intellectual sphere, but scholars in the West have been split over whether it should be counted as one. Some, including Skocpol, do not see it as a revolution because the architects of the new regime were from the incumbent dominant class (the samurai) and the participation of merchants and the masses was largely missing. Nevertheless, at least concerning the theme of this working paper—the political marginalization of the underproductive vested interests—I would not hesitate to count it as a revolution because the new regime, led by those from the lower samurai class of some local states, removed old political institutions, the shogunate and the *han* (local states ruled by the daimyo; there had been more than 250 of these states), and established the new centralized state headed by Emperor Meiji (r. 1867–1912).

The regime also abolished the class of samurai itself, removing its hereditary perks (it is often misunderstood that the samurai were also landed nobles, but most of them had already been unlanded by the early 17th century; since then, farmers had been subjugated groups), and warranted a legal and institutional equality, generating an upward mobility of commoners:¹⁹ Trimberger (1972) cautiously calls it a “revolution from above.” Meiji Japan does not fall into the following ruler’s alliance category because the emperor was powerless, only a nominal head.

19 On the case of Japan, I have published a journal article. See Yamada (2022).

3.2.2. Ruler's alliance

The second pattern is ruler's alliance. In authoritarian, or semi-constitutional, political arenas, in which rulers retain substantial political power, the rulers may abandon their existing alliance with the conservatives and form a new alliance with the liberal reformists associated with new commercial interests. Given that the conservative elites are usual constituencies of the monarchy, such an alliance switch is highly risky for the ruler. Thus, it happens only under some exceptional circumstances—when the security of the ruler is at stake and no other (perceived) options are available. I count England/Britain, post-1815 France, and Germany (Prussia) in this category.

England/Britain: Liberal historiography tends to describe the Glorious Revolution as a watershed that empowered Parliament vis-à-vis the Crown and eventually resulted in the long political triumph of the Whigs, the pro-capitalist parliamentary group. Such triumph, known as the “Whig Supremacy,” lasted until the accession of George III (r. 1760–1820). During this period, a *laissez-faire* capitalism emerged and paved the way for the Industrial Revolution. The Glorious Revolution saw the ostracism of James II, a monarch inspired by his cousin Louis XIV (r. 1643–1715). James' emulation of the absolutist (and also Catholic) king in France menaced English parliamentarians, triggering a joint effort by the liberal Whigs and the conservative Tories to get rid of him with the help of an invading Dutch army.

What is less known is the fact that the Dutch ruler, who acceded to the English crown

as William III (r. 1689–1702), initially allied with the Tories, not the Whigs who had invited him. William especially counted on Marquess of Carmarthen (formerly known as Lord Danby), who had previously served Charles II (r. 1660–85), and had developed the Tories as his royal following in Parliament for the restored Stuart king to survive Parliament. The Tories, with William's royal support, seized the parliamentary majority in 1690 (Feiling, 1950: chapter 10).

Rostow (1971: 63–65), with his “reaction to external intrusion” thesis, claims that English nationalism grew against rule by the Dutch monarch and through the mercantilist struggle with France. Nevertheless, what really happened was that the Dutch monarch changed his local ally in England from the Tories to the Whigs in 1694. Why did this alliance switch take place? I claim that it can be explained by the fact that William's paramount concern was the defense of his home state against Louis XIV's offensive.²⁰

For William, his support of the Glorious Revolution itself intended to bring England into the anti-French alliance that his Dutch Republic had formed with the Holy Roman Empire. To finance his war with France (the Nine Years' War, 1688–97), William imposed a land tax on the English landed nobility in return for his support of the Tories; he also deployed the English troops on the European continent to defend the Dutch Republic from the French invasion. The Tories, as the war continued, grew increasingly disgruntled with such Dutch exploitation of English money and men. They demanded the scaling back of the war effort and insisted that the attacks be raised

20 On the case of Britain, I have published a journal article (available on First View). See Yamada (forthcoming).

on the overseas French colonies, instead of on the European continent, so that the military effort would be more conducive to the English interests (many landed nobles then held stakes in trade monopolies, such as the East India Company) (Gregg, 1980: chapter 5).

This rift between the Dutch monarch and the Tories provided a window of opportunity to the Whigs. They succeeded in capturing power by offering William their cooperation for his warfare through facilitating borrowing from English merchants, their major constituency. Thus, the Bank of England was set up in 1694, which according to Hodgson (2017) ushered in England's Financial Revolution (the rise of public and private capital markets), considered to be one of the preparatory steps to the Industrial Revolution.

In short, English exceptionalism in achieving a liberal triumph much earlier than its continental peers lay in the unique system of personal union that England then had with the Dutch Republic, with the latter under attack by France and facing a state crisis. This created a significant disadvantage for the conservative Tories as Dutch warfare continued. Personal union itself was a relatively common method of rule in historical Europe—England used it to rule Scotland and Ireland. Nevertheless, the Dutch-English union was unusual in the sense that it was not part of the regional imperial order. Unlike the usual imperial personal unions, here the ruler of the smaller state (the Dutch Republic) ruled the larger state (England).

With William's death, the personal union was dissolved and the Tories returned to power under Anne, the local English queen (r. 1702–14). However, after Anne's death, a non-imperial personal union reemerged, this time

with Hanover. Under this long personal union, the Tories were permanently marginalized. (Note: The Tory Party since the 19th century is a different organization from the Tories I discuss here.) The Tory-led secret negotiations with France in the War of the Spanish Succession (1701–14) for the sake of Britain's own interests provoked the fury of George I (r. 1714–27), the ruler of Hanover and also the elector of the Holy Roman Empire. He resented the British betrayal of its anti-French allies and ousted the Tories from power as soon as the personal union took place. This made some alienated Tory heavyweights join the Jacobite Rising of 1715 against the succession, resulting in the closure of the door to the Tories' potential return (despite that the majority of the Tories were not against the succession).

Post-1815 France: Rostow (1971) does not mention much about post-Napoleonic France except for providing a vague thesis that the widened gap with Britain motivated the French to catch up (p. 67). The fact that France's industrial catch-up occurred in the period between 1815 and 1848, when the monarchical regimes reemerged, rather than in the revolutionary period (Horn, 2006: chapter 1), remains a puzzle. One may point to the time lag between institutional change and palpable economic outcomes, but we still need to explain why the new institutions that were free from the vested interests of the old regime persisted even after 1815.

The restored Bourbon monarchy was not quite the same as the one before 1789. The degree of pre-1789 absolutism was not restored, with Louis XVIII (r. 1814–15, 1815–24) finding himself far more vulnerable than his predecessors. The French liberals had been strongly conscious of the English

model, but just like England before 1694, the initial beneficiaries of the parliament were the conservatives. Having returned from exile, these old elites not only strived to restore their privileges but also challenged the royal prerogatives. This group, referred to as the “Ultras,” seized the parliamentary majority in 1815. In terms of economic reform, the situation possibly had become worse at this point than in the prerevolutionary period, when these nobles resisted Louis XVI’s (r. 1779–82) reform from above but with limited political power.

Although Louis XVIII accepted the parliament itself, which grew more powerful than that under Napoleon (Alexander, 2000: 30), he did not tolerate this new conservative dominance within it; thus, he dissolved the parliament in 1816, intervened in the election, and realized the new parliament in which the Ultras were a minority. His swift intervention was motivated by the fear of another revolution. A grave concern for such a possibility had been posed by the White Terror, attacks and prosecutions carried out by the Ultras targeting those who had gained power between 1789 and 1815. In the aftermath of Napoleon’s Hundred Days, this also made the occupation forces of the monarchical allies anxious, on which Louis XVIII counted. Thus the king, standing “between revolution and reaction,” provided royal support to the centrist forces, the monarchical liberals known as the “Doctrinaires” (Lucas-Dubreton, 1929: chapter 3). The Doctrinaires were a mixed group in terms of class: they included commercial interests and urban professionals but also pro-capitalist nobles (*ibid.*: chapter 4).²¹ This alliance preserved the new institutions and also

retained large numbers of the imperial officials (Pilbeam, 2000: 192).

A difference between post-1815 France and post-1660 England was that the republicans had become non-negligible social forces in the former. Revolutionary England also had the Levellers, but their political strength did not much remain after the fiasco of the short-lived Commonwealth. In addition, purging the so-called new men from the state institutions was perceived as risky, not only because it would reduce the administrative capacity of the centralized state (which Louis XVIII appreciated), but also because it would likely lead to their joining the opposition republican forces (Laven and Riall, 2000: 7). Charles X (r. 1824–30), Louis XVIII’s successor, had allied with the Ultras and in fact had to flee Paris amid the new insurrections. This event is known as the “July Revolution,” but what followed was the recovery of the ruler’s alliance with the centrist liberals, who acted fast and offered the throne to Louis-Philippe of the House of Orléans so as to prevent another Jacobin republic from rising (Lucas-Dubreton, 1929: chapter 8).

Germany (Prussia): While ruler’s alliance occurred in the presence of a parliament in England/Britain and post-Napoleonic France, it happened in Prussia under the absolutism of the Hohenzollern dynasty. The driver of the alliance was the crisis caused by the war defeat against Napoleon in 1806, which resulted in the loss of the territory west of the Elbe River and Prussian Poland, and which had reduced the population by more than half. It probably is safe to say that there is almost a consensus on this understanding—on which Rostow (1971: 68–69) and I agree, too.

21 Most notably, the Duke of Richelieu, who had served Russia as Governor of Odessa during the interregnum.

Even before the 19th century, Prussia was known for its bureaucratic prowess.²² According to Bendix (1964: 187), the centralizing power of the Hohenzollern regime was brought about by the Thirty Years' War, during which the Prussian landed nobles were weakened under the Swedish occupation. Unlike Britain, France, or other Atlantic-rim economies, rich private capital did not exist in Prussia, so Friedrich II (Frederick the Great) (r. 1740–86), a king often cited as an archetypal enlightened despot, practiced economic development in a state-sponsored manner, such as state-owned enterprises and royal monopolies (Henderson, 1958: introduction). After the perilous war defeat in 1806, Friedrich Wilhelm III (r. 1797–1840) allied with liberal Junkers (landed nobles) inspired by Britain, such as Stein and Hardenberg, who implemented major reform initiatives, such as the abolition of serfdom and the enhancing of freedom of trade and production aimed at harnessing the private economy.

Nevertheless, what the snapshot view leaves out is the fact that this alliance unraveled as the tide of international politics began to shift in favor of Prussia. By the time of Napoleon's fall, the conservative nobles had rolled back, and the king had also begun to resist what he perceived as anti-statist economic reform (Brose, 1993: chapter 1). Thus, the reform inevitably slowed: the full abolition of serfdom took until 1867, for instance (Byres, 1996: 108).

In fact, apart from Silesia (which Prussia annexed from Austria in the mid-18th century), Prussia's industrial growth

largely occurred not in original Prussia but in the Rhineland, the region annexed to Prussia at the Congress of Vienna. This region, adjacent to Flanders, had been home to vibrant commercial activity and also had been under Napoleonic rule since 1801. Thus, the famous dyad of "iron and rye" had a regional dimension, with iron representing West Prussia and with rye representing East Prussia: the former was owing to the French Revolution (Acemoglu et al.: 2011), as well as the commercial growth of the city-states and the ecclesiastical states along the Rhine River prior to the French occupation. Such West-East dimension was also salient in Germany in general. According to one estimate, even with the industrialized Rhineland, Prussia's income per capita was slightly lower than that of the German Empire in 1871 because of the presence of richer regions, such as Hamburg, Bremen, and Saxony (Borchardt, 1991: 33).

However, just like the post-1815 French case, the question is about the aftermath of the fall of Napoleon. In the Rhineland, the Napoleonic institutions were also largely preserved rather than being Prussianized. And it was the post-1806 reformers who did this work. Although their influence was being eclipsed in Berlin, they played a key role in keeping the new Rhenish institutions as they were. Stein governed the occupied Rhineland (Rowe, 2000: 132–33), and Hardenberg supported Sack, the governor of the Lower Rhine whom Stein had appointed, when the region's judicial system was under attack by the conservatives in Berlin (*ibid.*: 139–40). The continuity of the new institutions in

²² Nevertheless, Kiser and Schneider (1994) refute Max Weber's claim that Prussia's bureaucratization occurred in the 17th century. They argue that the Prussian state then was effective not because of the bureaucratization but because of the direct control exercised by the Crown, and that the bureaucratization began in the late 18th century when territorial expansion made it difficult for the Crown to maintain such direct control.

the Rhineland made a contrast with some other regions that lagged behind in modern economic development thereafter because of the return of the conservatives, such as Hanover (Robinson, 2012)²³ and Piedmont (Laven and Riall, 2000: 10–11). Thus, Prussia's modern economic development was attributable to all of the ruler's alliance, the French Revolution, and the premodern commercial growth in the Rhineland.

3.2.3. Parliamentary politics

The third pattern is parliamentary politics. This pattern differs from ruler's alliance in that it assumes the cases in which the incumbent conservative elites were marginalized without royal support given to the liberals. I adopt the adjective *parliamentary* because, apart from the revolution cases, a persistent conservative decline is unlikely to happen without an institutionalized political arena that surpasses the power of the ruler, if the ruler favors the conservatives. Italy (Piedmont) falls into this category (Rostow does not include Italy in his comparative analysis).

Italy (Piedmont): The origins of Italy's modern economic development trace back to the reform in Piedmont (the Kingdom of Sardinia) in the 1850s, which was led by Prime Minister Cavour, a commercialized landed noble inspired by Britain. Piedmont defeated Austria in the Second Italian War of Independence (1858) and unified the Italian Peninsula, which had long been under foreign domination. Piedmont was home to Turin and Genoa, two cities in the famous industrial

triangle (the other is Milan, in Lombardy), which led Italy's industrial growth until the mid-20th century (Zamagni, 1993: 31). However, as I mention above, Piedmont was initially reactionary and economically more backward than Lombardy ruled by Austria,²⁴ despite its having annexed Genoa in 1815, which used to be a republic thriving with finance.

Piedmont transitioned to a constitutional monarchy in February 1848, in the midst of the pan-European Revolutions of 1848. This was followed by its declaration of war on Austria in March. Although this war is called the First Italian War of Independence (1848–49), the its real nature was the Piedmontese monarchical regime's tug of war with nationalist republicans who rebelled against Austria in Milan. Although Piedmont was not ready to fight the war with the far stronger Habsburg Empire, it had to do so to protect the monarchical regime from the rising nationalist republicans by asserting control over the insurrections (Hearder, 1983: 201–2; Romeo, 1984: 159). And for this reason, Piedmont could not end the war with Austria either. As the armistice in August was followed by the ascendancy of the nationalist republicans, leading to the proclamation of the republics in Rome and Tuscany in February 1849, Piedmont found itself in need of resuming the war in March, and was immediately defeated.

After the defeat, Carlo Alberto (r. 1831–49) abdicated and was replaced by his son Vittorio Emanuele II (r. 1849–78). The new monarch, unlike the kings I discuss in the ruler's alliance section, did not seek an alliance with

23 Hanover's conservative continuity and its lack of an Industrial Revolution are, indeed, ironic considering its personal union with Britain that lasted until 1837.

24 Napoleonic institutions were relatively preserved in Lombardy and Veneto (Laven and Riall, 2000: 10–11).

the liberals. As the revolutionary wave of 1848 waned, other Italian states had already reverted to absolutism. The Piedmontese monarch was also reactionary by nature, but his regime was in a precarious situation at that time. The nationalist republicans were furious with his having ended the war with Austria, waging a new insurrection in Genoa in April, and the war-exhausted regime did not retain sufficient repressive capacity. Therefore, the king accepted the continuance of the constitution under the condition that the conservative nobles would control the parliament and put a lid on the republicans (Mack Smith, 1971: 38–44). Although Cavour participated in the cabinet, Vittorio Emanuele II, overtly disliking him, resisted the appointment plan and only reluctantly approved it (Romeo, 1984: 38–44). The liberals' position was thus initially fragile (Riall, 2009: 27–28). As in England and France, the parliament was initially conservative, and the Piedmontese case possibly was even worse as the king preferred conservatism.

What enabled the Piedmontese liberals to overpower the conservatives even without royal support was the unexpected internal division of the republicans. This division was triggered by the collapse of the French Second Republic (1848–52) in December 1851 through the coup of would-be Napoleon III. The disappearance of the French republic meant a firm confirmation of the revolutionary failure and the reactionary revival across Europe. In Piedmont, it led to the moderate leftists breaking away from the idealist radical republicans. These moderate leftists, led by Urbano Rattazzi, came to accept

the monarchical regime and focus on seeking democratic change within it in a realistic manner (Romeo, 1984: 215–16). Cavour seized this window of opportunity and formed a centrist coalition with Rattazzi in 1852. The event is known as the *connubio* (marriage). The new coalition stably outnumbered the conservative right, as well as the radical left, in the parliament. This set a template for modern Italian politics referred to as *trasformismo*, a dominant, flexible centrist coalition, in lieu of the two-party system (Valbruzzi, 2015).²⁵

²⁵ The *trasformismo* enabled Piedmont, and later Italy, to achieve modern economic reform without revolution or ruler's alliance. This, however, also meant a parliament without an alternative. Cavour was criticized as a "parliamentary dictator" (Mack Smith, 1971: 61).

4.1. Summary and discussion

This paper experimented with what I call reverse modernization analysis—analyzing past cases of modernization with the knowledge we have about today’s development as engineers do reverse engineering—and explored a political historiography of development that is alternative to the historiographies focused on polity (such as parliamentary and authoritarian). For such an alternative, I suggested looking at how underproductive vested interests were politically marginalized, and conducted a quick empirical analysis. I summarize its preliminary findings here.

Table 1 shows the patterns of the political marginalization of the incumbent conservative elites before the 20th century. Apart from the already industrial (yet under-mechanized) Low Countries and Switzerland, and the countries without dominant conservative groups such as the US and Denmark, the five countries (Britain, France, Germany, Italy, and Japan) are classified into three patterns: revolution, ruler’s alliance, and parliamentary politics.²⁶ As I adopt a long-term perspective instead of a snapshot one, some countries appear twice across different patterns.

Revolution: France (1789) and Japan (1868) fall into this category. Some scholars have shied away from viewing Japan’s Meiji regime as revolutionary because of the lack of participation of merchants and the masses, but I classify Japan in this category considering the decline of the old elites (the samurai) as a consequence of the political change. While the term *revolution* has historically been used to describe a variety of political changes, a successful revolution in terms of the enduring decline of the dominant conservatives is seen only in these two cases. Nevertheless, through Napoleonic rule the French Revolution also spread to France’s neighboring areas. Whether the new institutions remained or not also depended on the post-1815 regimes in these areas; while a conservative restoration took place in countries like Hanover and Piedmont, the institutions were well preserved in the Rhineland in Western Prussia, the region that led Prussia’s modern economic development.

TABLE 1. Patterns of the decline of the conservative elites before the 20th century

Patterns	Countries
Revolution	France, Japan, Germany (Western Prussia)
Ruler’s alliance	England/Britain, France (after 1815), Germany (Prussia)
Parliamentary politics	Italy (Piedmont)

²⁶ I have also been analyzing Austria and Russia, but I did not include them in this paper as my analysis is still underway. Sweden is excluded because its growth before the 20th century was reliant on commodities exports.

Ruler's alliance: In England/Britain, post-1815 France, and Prussia, rulers allied with the liberal reformists at the expense of their ties with the conservative elites. The alliances occurred with parliaments in England/Britain and post-1815 France, and under absolutism in Prussia. The alliance switch, politically risky for rulers, occurred under some unusual circumstances (see Table 2). In England/Britain, foreigner monarchs from the Dutch Republic (1689–1702) and Hanover (after 1714) allied with the liberal Whigs under the arrangement of non-imperial personal unions. These monarchs prioritized the security of their home states, and found the conservative Tories unfavorable for that objective. In post-1815 France, the restored Bourbon monarch eschewed the Ultras and allied with the Doctrinaires because of the fear of another revolution. In Germany, Prussia's perilous defeat against Napoleon made the monarch ally with the liberal Junkers.

Nevertheless, in all three cases the conservatives rolled back. And how such rollbacks were overcome varied across the countries (see Table 2). In Britain, the rollback occurred after the demise of the first personal union with the Dutch Republic, and the conservatives were again—this time permanently—marginalized under the second personal union with Hanover. France saw fresh insurrections in Paris in 1830, and the alliance

was restored by the regime change from the Bourbon to Orléans regime. Prussia did not overcome the conservative rollback itself, but the once-empowered liberals preserved the Napoleonic institutions in the Rhineland.

Parliamentary politics: In Italy (Piedmont), the liberals won despite the absence of royal support. The monarch was on the side of the conservatives, but the centrist coalition formed by the liberals and the moderate left outnumbered the conservatives in the parliament. This coalition was brought about by the compromise of the left, which had been triggered by the collapse of the French Second Republic and the failure of the pan-European Revolutions of 1848. It created a tradition of Italian parliamentary politics, in which the dominant, flexible centrist coalition (*trasformismo*), instead of the two-party system, was the norm.

TABLE 2. The drivers of ruler's alliance and how conservative rollbacks were overcome

Countries	Drivers of ruler's alliance	How conservative rollbacks were overcome
England/Britain	Personal union	Another personal union
France (post-1805)	Fear of a second revolution	Regime change
Germany (Prussia)	Perilous war defeat	(Industrialization in the Rhineland)

The above empirical findings provide several insights. First, successful revolutions were rare (revolutions in a specific sense I discuss above, not those political changes called revolutions as per historical custom). And even the revolutionary regime in France could live for only slightly longer than a quarter of a century because of its war with the alliance of monarchical states in the region (especially Britain, Prussia, Austria, and Russia). In contrast, the Meiji revolutionary regime in Japan survived partly because the country's political contact with China had been limited, and there was no merit for China to intervene and save Japan's old regime(s).²⁷

Second, the unique historical path of the French Revolution and the Napoleonic Empire, however, left large legacies to, and posed immense impacts on, European politics and economies thereafter.²⁸ Nationalism and republicanism became major forces for political changes later in the century (perhaps after most people who had directly experienced the Napoleonic Wars had died), causing a change even in Piedmont, where the conservatives had returned in 1815.

Third, regardless of the pattern, the decline of the conservatives occurred as an outcome of *sui generis* courses of events

rather than being caused by any systematic factors common among the examined cases. Certainly, the presence of new social forces that embraced liberal ideas was a *sine qua non* for the change (Mokyr, 2016), but their overpowering of the incumbent conservative elites occurred only through context-specific events or elements.

This finding may be frustrating because it implies that even if liberal reformists do their best, they still have to “wait” until some contingent moments.²⁹ In this sense, political games may not be so different from sports games. Even a team's best performance may not always lead to victory when the opponent plays well. And the low performance of the opponent is not necessarily caused by systematic factors (for instance, France, which won second place in the 2022 World Cup behind Argentina, had suffered from illness and fatigue of its key players). The team still needs to stay ready to take advantage of windows of opportunity when they open.

27 In contrast, China intervened in Korea when the reformist coup occurred in 1884. However, the Meiji regime delayed the reform in Okinawa, where the old Ryūkyū dynasty had subordinated to both Satsuma (one of Japan's local states) and China because of its fear of China's intervention, which the old regime's royalists lobbied for (Yamada, 2021).

28 See Laven and Riall (2000).

29 In relation to this point, it is perhaps worth recalling that although Rostow, as a Cold War warrior, tried to make the path of development look short and straight, Europe in fact has taken some long and winding paths. Hans Morgenthau wrote: “In contrast [to the Communist methods], the slow process, stretching over centuries, through which the nations of the West achieved a high standard of living through industrialization must appeal much less to them [the underdeveloped nations]” (Morgenthau, 1962: 307). And the new, liberal economic historians, in fact, cautiously describe the occurrence of the liberal triumph. North, Wallis, and Weingast (2009) identify the “doorstep conditions” for the transition from limited access order to open access order, writing, “Nothing, however, inevitably impels societies on the doorstep to make the transition” (p. 26). Acemoglu and Robinson (2012) place emphasis on the “contingent path of history” (p. 104).

4.2. Factors finalizing the decline of the conservatives

This paper paid attention to the long-term process of the decline of the conservatives instead of adopting a snapshot (or TikTok) perspective. Now the question is, when should we end the observation of such a process? Developmental political settlements can be precarious. Even after the initial decline of conservatives, there remains a possibility of a conservative rollback that would lead to a slowdown or reversal of the change before the change reaches the critical juncture, i.e., the point of no return and the closing off of alternatives (Capoccia and Kelemen, 2007), after which institutional self-reinforcement occurs (Rixen and Viola, 2015).

This critical juncture may require the marginalized conservative elites' acceptance of the new reality so that they will no longer collectively attempt to recover their old political power and economic rents. In other words, it is a moment when the vetoers-to-change stop vetoing. Such acceptance is evidently self-harming. It is only irrational if we view human individuals as *homo economicus*. How can such abnormal behavior of the previous vested interests happen?

One possibility worth exploring is the compensation effect: the vested interests may give up the status quo and accept the change when they have access to alternative gains. In theory, such alternative gains naturally emerge as a result of modern economic development, which makes the overall economic pie larger

and creates greater economic opportunities. This happened in Britain: even the conservative landowners noticed the benefit of laissez-faire as the economy grew and their land rents and agricultural revenues increased; thus, enclosure and high farming progressed in tandem with the Industrial Revolution, turning the landowners from the enemies of capitalism to its supporters (Moore, 1966: chapter 1). And by the time British agriculture could no longer compete under free trade and the Transport Revolution (the wide use of railways and steamships), they had merged with the new commercial elites as financiers or service-sector workers (Cain and Hopkins, 2016).

The British case was, however, unique. Their conservative elites had to spend decades of bitter time during the Whig Supremacy under the personal union. In normal circumstances, a lid may not be put on disgruntled conservatives for such a long time. In Japan, the revolutionary change was compatible with stability as the Meiji regime cut the hereditary perks for the samurai but selectively redeployed those with financial or human capital among them (i.e., those who could otherwise have led reactionary opposition) into new modern sectors, such as finance, administration, commerce, and education.³⁰ This redeployment even helped Japan minimize its disadvantage, namely, the absence of the commercial and entrepreneurial

³⁰ I have published a journal article on this topic. For details, see Yamada (2022).

so-called middling sort that existed in Atlantic-rim Europe.³¹

The Japanese case, nevertheless, is also irregular because the samurai were unlanded.³² How did the acceptance occur in other cases? My preliminary research on Piedmont/Italy suggests that Cavour's trade liberalization policy benefited the landowners through the increased exports of agricultural products, especially to thriving Britain, making them friends of capitalism (Mori, 1975: 91). The pattern appears similar to (although not the exactly same as) the case of colonial Korea, where the Japanese colonial regime built

an efficient bureaucracy by pensioning off the royalist nobles from the state, but these landed nobles instead economically benefited from the exports of rice to Japan (Kohli, 2004: chapter 1). For Italy, the timing was fortunate because Europe's trade regime happened to be liberal in the aftermath of the repeal of the British Corn Laws in the 1840s; this liberal trade regime only persisted until the 1870s, when the European markets witnessed grain glut as a result of the Transport Revolution, which caused an influx of grains from remote places, such as the US and Russia.³³

* * *

This research is still in its early stage. I welcome any feedback, critical or constructive, to the arguments and descriptions in this working paper, both by theorists and historians.

31 The absence of the commercial and entrepreneurial middle class also applies to the Qing dynasty (Dabringhaus and Osterhammel, 2019: 327–28), while post-Ottoman Turkey lost the largest commercial groups, such as Greeks and Jews, because of Turkish nationalism (Göçek, 1996: 139–40).

32 Trimberger (1972) compares Meiji Japan with Kemal Atatürk's reform in Turkey, arguing that the latter was diluted by the lingering power of the landowners. In Japan, the agricultural class had long been subjugated by the samurai: the farmers' political power only substantially increased in the 1890s, when Japan shifted to constitutional monarchy.

33 Cavour's free trade policy was detrimental to the manufacturing sector. However, Piedmont's manufacturing sector at that time was traditional and uncompetitive anyway. Free trade helped the rise of new industrial entrepreneurs in the long run through the imports of machinery at low costs. Previously, proto-industries were seen as an anteroom of modern industries, but Berend (2012: chapter 3) suggests that these two may not always exist in the continuum.

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