**Spatial division of labour, global interrelations, and imbalances in regional development**

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Explaining the significance of space in textile production requires a multi-level approach, taking into account local, regional, national, and global aspects as well as their interrelationship. A main question is how textile production was geographically distributed. Textile production for direct subsistence or local markets occurs almost everywhere people settle and local materials are available for spinning and weaving, in order to meet the basic human need for clothing. It represents a general phenomenon, which develops under specific local and regional circumstances.

However, our focus is not on basic textile production, but on specialized production for markets beyond local and regional boundaries. As production for local demand and export markets often interrelate, we have to keep in mind all forms of production. While basic production shows a pattern of equal spatial distribution, specialized export production is usually concentrated in specific locations. Generally speaking, production centres for export result of a coincidence of productive competence, demand, and accessibility.

Export centres are embedded into a regional environment, which provides them with raw materials and semi-processed products (such as yarn, dyeing stuff et cetera) as well as sales’ markets. Spatial division of labour occurs at the regional level, and it equally occurs at the trans-regional level, including international relations on a global level. Regional divisions of labour can function independently from the global interactions, or the small divisions of labour can be part of a larger, further reaching network.

Interaction on both regional and trans-regional levels can be based on trade or on production chains. Trade acts as a mediator allowing for the exchange of different varieties of textiles, each typical for a certain production centre. In this case the connection is between different centres, rather urban than rural, each offering a complete finished product. We may speak of a horizontal interrelation. Conversely, in the case of production chains, several localities of production are combined in an inter-local or interregional division of labour, each contributing only a single step to the process of production.¹ Here interaction takes place on a vertical level. A general agent, usually a merchant or a merchant-capitalist, coordinates the process and skims off the profits. In this case the spatial division of labour contains urban and rural locations, and the different places

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¹ We prefer the term ‘production chains’ over ‘commodity chains’, because it refers to the combination of several localities of production within an inter-regional division of labour. For the concept of ‘commodity chains’ compare *Review Fernand Braudel Center* 23 (2000) 1 Commodity Chains in the World Economy.
fit into a centre-periphery-structure. Trade exchange as well as the combination of production sites lead to regional specialization and interregional division of labour. Splitting up production into chains may result in a spatial separation of production and consumption, some regions being responsible for certain low-paid steps of production only (for example plantation of raw materials, cheap production sites for outward processing et cetera), and others for finishing, management and marketing, offering higher wages to the workers and allowing them to become consumers of industrial products.

**Chronological sequence versus synchronicity?**

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From 1650 until today, the reach and character of trans-regional interaction constantly changed. We can observe a gradual transition from trade exchange towards a trans-regional organization of production, which is characterized by interregional divisions of labour (production chains). Also, the distance and frequency of trans-regional interactions increased immensely and a general transition from small-scale towards more global interactions occurred. The periodization generally applied to economic development, in the literature as well as in the national overviews of this project, distinguishes between a ‘pre-industrial phase’ (until 1700/1750), a ‘proto-industrial phase’ (1700/1750-1800/1820), an ‘industrial phase’ (1800-1900 mechanization, 1900-1970 automation, 1970 and later digitalisation) and a ‘post-industrial phase’ (from the 1970s onwards) of textile production. Although there is some evidence for this periodization scheme, it has to be rejected for being Euro-centric. It draws on a notion of progress derived from developments in those regions of Western Europe that started to hegemonize the world economy in the eighteenth century. Enlargement, intensification and acceleration of global exchange are only registered, when they are realized, promoted and imposed on other parts of the world by European actors.

But textile history should also be viewed from the perspective of textile centres outside of Europe, namely in Asia, which set up long-distance trade in textiles long before European merchants first participated in and later monopolized global trade. Asian regions had their first industrial climax in pre-mechanical time (before 1820), then suffered enormous pressure from the introduction of the factory-system in Western Europe, which became a synonym for ‘industrialization’. However, from the point of view of the Asian workshops, a definition of industrialization does not necessarily imply the centralization of industrial production in power-driven factories. While Western Europe went through the factory period (1820-1970), Asian regions were ousted from being the leading world suppliers of textiles, which in some cases resulted in de-industrialization (Bengal and other Indian, Anatolian and Arab regions). In other cases the local textile producers adopted new strategies to meet global demands (Ottoman raw-
cotton, Chinese raw-silk), mainly falling back on local and regional markets. Mechanical production in factories in most non-western countries was introduced only in the twentieth century, preparing the grounds for ‘catch-up’ industrialization. The first phase (1914-1970), the building up of a national industry, aimed to substitute home-produced goods for imports. From the 1970s onwards, national programs were replaced by new strategies of multinational textile and garment producers to dislocate labour-intensive steps of production to cheap locations all around the globe.

The above-mentioned periodization is also problematic from a European perspective. To conceive progress in a chronological dimension of production stages conflicts with many European regions’ experience of a simultaneous existence and interrelationship of different technological means and modes of production at each moment in time. Viewed this way, the spatial division of labour rather appears as the ‘synchronicity of the non-synchronous’ (Gleichzeitigkeit des Ungleichzeitigen) than as a chronological conception of production stages.²

If we overcome the European narrative, global textile history represents a variety of textile competences, relying on different modes of production, which mutually exchanged their specialized products. Until the eighteenth century the highest demand was for Chinese silk, Indian calicos, English and Dutch woollen cloth, Lake Constance region linen, Persian and Anatolian carpets, Ottoman damasks and embroideries. Only from 1800 onwards Western European textiles, based on factory-manufacturing, took the world market lead, conquering export as well as internal markets of Asian producers, until in the twentieth century textile locations moved from the Western European (considering themselves as ‘old industrialized’ countries’) to so called Newly Industrializing Countries (NICs) in Asia, Latin America, and Eastern Europe.

This process contains a chronological dimension. Production relying on the coexistence and the equal competence and legitimation of each single location was superimposed and finally replaced by an unequal division of labour. The whole production process became reorganized so that different wages and prices and different ways to organize and regulate production were combined in order to raise profits for those merchants or producers who were in control of the entire process. The regions where their headquarters were located hence became ‘centres’ of capital accumulation, characterized by relatively high wages and standards of living for the workers. Conversely, in the peripheral parts of the production chain, where the more labour-intensive steps of production were carried out, wages were low and people survived because they equally relied on subsistence and agrarian activities. So the peripheral households helped to save

² Ernst Bloch introduced this term in his book Erbschaft dieser Zeit (Zürich, 1935).
costs for the central enterprise. It is therefore necessary to look at the unequal division of labour from the perspective of each location or region, which was part of the ‘chain’ and contributed to the process, regardless of its function or position within the hierarchy.\footnote{Immanuel Wallerstein, \textit{The Capitalist World Economy} (Cambridge, 1979).}

This general pattern of capital accumulation can be observed in each period of history, since industrial production was organized in ‘chains’, each time combining locations, characterized by specific differences, which change and adapt to the exigencies of the time. Unequal division of labour – in other words: the synchronicity of the non-synchronous – can be observed on a regional as well as on a global level, the smaller imbalances fitting perfectly in with the broader ones.

The dates and extents marking distinctive periods in the history of non-western textile regions to a certain extent coincide with the Western European ones, because from the moment that mechanization of textile production established new standards for competitiveness, all other textile producers had to adapt to the new challenge, albeit in different regional and national forms. However, we can use similar but differently defined periods that are constructed with a completely different aim. These periods do not serve to show historical progress, modelled by the developments in one leading centre, but they serve to analyse the combination of inequalities, resulting from the unequal division of labour between centres and peripheries of the world economy. Each period is characterized by a specific spatial arrangement of interregional cooperation.

The linear sequence model of the Euro-centric conception of stages must therefore be transformed into a more complex picture, considering the regional diversity of worldwide textile production and its changing combinations of location, techniques, organization of labour and production. The linear model is restricted to a specific world region, which is considered to be standard and against which developments in the rest of the world are rated (progressive – backward). A multi-focal model better allows for consideration of the diversity of the different regions involved. At the same time it allows the identification of the interactions between different places in each period, and the extent to which these interactions are characterized by cooperation or by dependencies, by equality and mutual respect or by imbalances and the transfer of values from peripheral locations to the centres of accumulation.

The following sections present the coexistence of different modes of textile production, combined by trade exchange and/or an unequal division of labour, in five distinct periods. The focus is on the synchronicity of very different levels of organization both of textile production and labour in the various regions participating in a trans-regional chain of production.
Before 1650/1700

Before 1650/1700 the overwhelming majority of textile production took place at the local level, whether in rural or in urban households, often combined with agriculture. In some strategic branches there were initiatives to concentrate production in (state) manufactories, in other branches putting-out relations were set up in order to increase output; the latter had an impact on space, as rural areas turned into suppliers for urban production centres. Exchange of local specialities was exercised by merchants, who built up trade networks between different textile producing areas.

Specialized textile competence was concentrated in South Asia from the Bosporus to the Chinese Sea for a long period of time, before Europe – inspired by the contacts with the Arab World across the Mediterranean – first joined and then penetrated the Asian centres of competence. European textile expertise was restricted to the European South, the Centre and the West, Eastern European textile producers did not specialize in exports, neither did North Asian, African or American producers. Many of those regions nevertheless had a high level of textile production for domestic markets. They also took part in short-distance trade. This not only occurred in Europe, but also in Latin America, and in pre-colonial as well as in colonial Africa.

In Asia the most prominent items for exports were Chinese silk, Indian calicos, Persian and Anatolian carpets, fine woollens and silks from various parts of the Arab (including the North of Africa), Persian, Byzantine (later Ottoman) world. Europe was receiving incentives from Asia via the Mediterranean South (Italian city-states, Arab Spain until the end of the caliphate), which were transferred northwards along the following – competing – trade-routes: the first line of transfer was across the Champagne fairs to the French Northwest and to Flanders (thirteenth-fifteenth centuries); the second was via Upper Italy (Venice, Lombardy) to Upper Germany, where St. Gallen and Augsburg became leading textile towns, building a strong axis with Antwerp in the sixteenth century. When the European centres shifted North-Westwards because of the dynamics of the overseas expansion, the Netherlands (seventeenth century) and England (eighteenth century) took over as the leading centres of trade.\(^4\) Within each state specialized textile production was limited to specific regions, usually with an urban character.

One can distinguish between long-distance trade within single world regions and some trade connections interlinking those regions across the continents. Regional long-distance trade started from all centres of competence; it was most developed within and between Asian regions, in

which Europeans successfully interfered after their arrival in the Indian Ocean. The ‘Oriental Trade’ between Asian regions and the Mediterranean Sea originally concentrated on spices and luxury goods, but after the sixteenth century textiles played a growing role. As there was no Asian interest in European textiles, European merchants exported silver conquered in the Americas, thus linking the ‘Atlantic Triangle’ with the ‘Oriental Trade’. A part of the goods imported by English, Dutch and French merchants was re-exported to other destinations, for instance other European countries or – in exchange for African slaves – to the Americas. Asian textiles represented a major European input into the ‘Atlantic Triangle’, based on the exports of consumer goods to Africa, African slaves to America and Caribbean cash crops back to Western Europe.

In the sixteenth and seventeenth centuries cotton textiles were rarely produced in Europe. Until the fifteenth century Venice, Lombardy, and the Augsburg region were centres of cotton or fustian production, which declined when the supplying routes for raw cotton were interrupted by the wars with the Ottoman Empire in the sixteenth century. In the seventeenth century the growing European demand for cotton cloth was met by imports from Asia. The multi-centric character of the world economy is reflected by the existence of various centres of textile competence. There was a clear Asian dominance in the world economy, with Europe receiving skills and imports from Asia.

**1700-1820: ascent of the manufactory and putting-out system**

In many publications on textile history as well as in many national overviews, including my own on the Habsburg Monarchy, this period is labelled the ‘period of proto-industrialization’. Here, however, this term is avoided because it represents the Euro-centric view, suggesting that the process of industrialization by definition ends with the introduction of the factory system, as the culmination of all efforts to industrialize. We plead for a broader definition of industrialization, which includes all types of industrial production, regardless of the use of mechanical technology. Therefore this period shall be characterized by the rise of centralized manufactories and extended putting-out systems, which allowed for the increase of market production and a larger and deeper division of labour. As a consequence the organization of textile production included several localities with an increasing distance between them. Manufactories and putting-out activities

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5 For the concept of proto-industrialization compare Markus Cerman and Sheilagh C. Ogilvie (eds), Protoindustrialisierung in Europa. Industrielle Produktion vor dem Fabrikszeitalter (Wien, 1994).

already existed in former times, but they did not develop into a dominant mode of production until the eighteenth century. By manufactory, we understand a centralized unit of production, which is characterized by division of labour, mostly based on manual work. With regard to space, manufactories centralize production, which was previously scattered in several workshops, in one single location. Nevertheless, this centralizing tendency of manufacture went hand in hand with decentralized forms of productions.

The geographical extension of the division of labour could be organized in different forms: independent artisans selling their products to a merchant (seller’s market), merchants putting out certain processes to be realized in the workshop of an artisan, who worked on his own responsibility (buyer’s market) or who became a more or less decentralized location for a merchant-capitalist, who was responsible for the whole production process (putting-out system). If the putting-out system was entirely dominated by centralized workshops, one can speak of decentralized manufacture. Whether centralized, put-out or decentralized, spinning, winding and weaving were carried out by hand-operated devices; mechanical power was only used for fulling, calandering etc. These mechanized workshops represented small factories, which formed part of a larger manufactory or were operated as independent firm. Centralized manufactories relied on wage labour, although often in combination with forms of dependent or coerced labour. Labour in decentralized units showed an even broader range of organizational varieties.

To understand the putting-out system, space is a decisive category. There were urban forms of putting-out, which integrated several locations within a single town into the organization of production. These locations differed by centrality, by land rent, by access to water, waterpower and waterways, representing a small but distinct universe of an unequal division of labour. Usually putting-out was linked with the transfer of certain processes to decentralized rural producers, who were coordinated by a central organizational unit: a merchant, a merchant-capitalist or a manufactory. Work was put out because of urban shortages of labour supply, especially as labour was more expensive in towns and guild regulations restricted entrepreneurial freedom. Putting-out resulted in far-reaching, sophisticated chains or networks, which were organized around local centres with various types of regions supplying labour, showing various forms of labour relations. These relations ranged from – more or less – paid to unpaid forms of labour, from independent to wage labour, from fulltime to part-time labour with an unequal division according to qualification, gender and age. Management and specialist artisans, mainly for complicated weaving, dyeing, and finishing, operated the organizational centre. Spinning, winding and ordinary weaving was put out to spinning and weaving regions.
Spinning and weaving regions sometimes overlapped, sometimes represented different types of regions, with textile work playing a different role in the working-year and the household income. Spinning usually was an additional occupation for rural women and children carried out in periods when agriculture required less work. Wages were low and often below the costs, because families’ living was based on subsistence agriculture. Weaving could also be a rural industry complementing agricultural work, but was more often done by rural fulltime weavers, who were assisted by family-members. As spinning required more hands than weaving and it had lower opportunity costs, the putting-out of spinning comprised a much greater radius than the putting-out of weaving, reaching into rural regions at a distance of several hundred kilometres. The system changed when spinning became mechanized or homemade hand-spun was replaced by imported factory-made yarn and putting-out shifted to the weaving sector.

Prominent examples for the far-reaching character of the putting-out-system in Europe are Holland,\(^7\) Eastern Switzerland with Vorarlberg and Southern Germany,\(^8\) and Lower Austria.\(^9\) With the colonial settlement the European system of manufactory also spread to the Americas: we meet colonial textile processing in the Spanish provinces of South America (Argentina, Mexico)\(^10\) and in Brazil,\(^11\) but we do not find it in regions that only served as plantations, as the Caribbean region. In North America local textile production only took off after independence. At the beginning of colonization the settlers imported European textiles, but soon the growing demand for everyday cloth was met by a mixture of household and craft production and – in the eighteenth century – centralized manufactory. Only in the case of Brazil did colonial textile production exceed colonial markets and was exported to Portugal. When Portuguese mercantilists, in order to overcome the peripheral role imposed by the Treaty of Methuen (1703) by England, supported the building up of a national textile industry, Brazil was not only seen as a supplier of raw materials, but should participate to increase industrial output. Only in 1785 Portuguese producers put pressure on the government to push back Brazilian exports to Portugal.

One can observe similar patterns of the elaboration of the division of labour in eighteenth-century Asian textile regions. The ‘Thread & Money System’ was set up by the British East Indian

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7 Van Nederveen Meerkerk, Heerma van Voss and Hiemstra-Kuperus, ‘Netherlands’.
8 Albert Tanner, *Das Schiffchen fliegt, die Maschine rauscht. Weber, Sticker und Fabrikanten in der Ostschweiz* (Zürich, 1985); Ebeling e.a., ‘Germany’.
9 Komlosy, ‘Habsburg Monarchy’.
11 Delson, ‘Brazil’.
Company to meet the growing European demand of cotton cloth. Chinese silk production in the eighteenth century took the form of the so-called *zangfang* System. Merchant-capitalists controlled both sericulture, performed by rural agricultural producers, and silk-weaving, which was an urban activity, carried out in centralized workshops and by decentralized individual producers, both hiring wage labourers and being assisted by a range of helpers and specialists who were coordinated by the *zangfang*-agent.

Unlike the silk industry, the Chinese cotton industry is often denied industrial character, because it has been a rural industry carried out within an agricultural household for many centuries. With rising demand cotton spinning and weaving in the eighteenth century were increasingly done for the market, allowing for many households to rely on textile incomes rather than on agriculture. In times of crisis, however, they were able to switch back to agriculture. Compared to other examples of mass production of textiles, this system must be considered a huge sellers’ market with independent producers coordinated by merchants, thus the Chinese form of large-scale cotton manufacture.

Also in Japan, which was almost entirely isolated from the world market during the Tokugawa Shogunate, different systems to organize the work process coexisted, including individual handicraft production, manufactories and various forms of putting-out industries. While specialized forms of textile production – apart from sericulture – were urban-based in the seventeenth and eighteenth centuries, a process of ruralization took place at the turn of the nineteenth century, to avoid guild restrictions and higher urban wages.

Except for Chinese cotton, in all these forms of manufactory and putting-out production the intermediary link between different locations was not realized by trade exchange, but by a division of labour attributing certain production stages to single sites and areas, which all formed part of a multi-local production chain. Trans-regional demand promoted the putting-out organization *vis-à-

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15 Hunter and Macnaughtan, ‘Japan’.
vis local artisans, eventually controlled by guilds. Generally, putting-out merchants introduced new notions of profitability, ideas commonly attributed to industrial capitalism. Hence they conflicted with independent handicraft producers, who were less able to expand and to accumulate. Both were competing for the support of the state, which – for fiscal reasons – over the long run everywhere shifted from artisan to more commercialised forms of production. Traditional handicrafts could only survive in local niches. Putting-out also favoured a new type of entrepreneur, who ruled out urban (guild) artisans, but integrated rural producers for supplying semi-finished products. Earlier, many of the rural producers had exercised textile activities for subsistence, for local markets or local artisans. They now performed the same activities, but within a different context: they became a chain in a line of locations, which cooperated in order to compete in an export market. This line, or chain, was controlled by a merchant-capitalist, whose profit was based on the low costs of the local producers. These households were able to survive, because they relied on various activities, paid and unpaid, each of which supported the others. Consequently, the merchant-capitalist not only profited from the suppliers’ low wages, but also from their families’ unpaid activities.

Wherever it came up, the putting-out system and decentralized manufacturing promoted geographical expansion and multiplication as well as a more sophisticated division of labour with stronger hierarchies of command and control in order to meet rising demand, standardization and in-time production. It did not necessarily promote mechanization, as all Asian and Arab examples show. Only in Western Europe did the putting-out system reach the limits of labour supply and was gradually overcome by the introduction of the factory-system based on power-driven machines. The explanation for this labour bottleneck is less a demographic issue than a question of relative market dominance. Encouraged by the good performance of Asian textiles on European markets, industrial entrepreneurs strove to replace Asian imports by domestic production. They put pressure on governments to subsidize their industries and to protect them against imports, carried out by merchant-entrepreneurs who were active in overseas trade. This process is a perfect example of import-substitution. It began in England, France and some other Western European states during the eighteenth century without leading to a factory-system however; on the contrary, the strive to increase domestic production led to an increase and a geographical expansion of the putting-out system itself.

The labour shortage did not result from the substitution of imports for the internal market. It was caused by the ambition not only to conquer the internal market, but also to oust Asian producers from their export markets and to replace them on their domestic markets as well. Such an ambitious expansion of production was only possible if labour-saving techniques were
introduced to raise productivity and output. Power-driven machinery represented such a means. After all, it did not replace workers, but it directed them into other activities, which promised higher output. The introduction of the factory system is commonly referred to as the ‘Industrial Revolution’; it arose from the British intent to achieve global industrial hegemony.\footnote{Andre Gunder Frank, \textit{Re-Orient. Global Economy in the Asian Age} (Berkeley/Los Angeles/London, 1998), pp. 276–296.}

As soon as industrial capitalists had prevailed over merchant-capitalists – a struggle provoking heavy conflicts – the mechanization and centralization of production were declared a national strategy, the state providing all means of market integration, market protection and market conquest. For the workforce the factory system brought along a new type of wage labour, which was characterized by the loss of workers’ control, a new discipline and subordination to the exigencies of the machine. By 1800, the factory system was introduced in the British spinning industry (starting with cotton and then including wool and linen); weaving followed some decades later.\footnote{S.D. Chapman, \textit{The Cotton Industry in the Industrial Revolution} (London, 1972).} It was not until the end of the Napoleonic Wars that British factory-produced yarn started to conquer the world markets, with various consequences. Some European nations successfully introduced the factory-system to compete with England, other European textile producers with elaborated systems of manufactory and putting-out had to adjust to the pressure of machine-spun yarn and cloth. Asian exporters, who had until then dominated the world market, were now pushed out of their previous markets and trade connections. Equally, colonial textile producers in Latin America and in New England were confronted with British exports challenging their capacity to supply local markets.\footnote{Blewett, ‘USA’; Bortz, ‘Mexico’; Delson, ‘Brazil’; Lobato, ‘Argentina’.
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So the spatial arrangements of textile production were challenged both on the local/regional and on the global level. However, there were vast regions and some entire states, such as Japan, which were not integrated into the world market of textiles at that time; therefore they were not (yet) affected by the new standards of productivity, established by Western mechanization.

1820/1830-1914/1918: \textit{Regional textiles in view of industrial westernisation}

As soon as factory-spun yarn and factory-woven cloth appeared on the market, prices fell and put pressure on all those who still span and wove by hand. The labour theory of value, which is a centrepiece of classical political economy from its liberal to its Marxist wing, consequently predicts a victory of new production methods, which will inevitably out-compete more traditional ones. One can indeed observe a process of concentration, in which outdated modes of production
were replaced by new ones, leading to a modernization of the economy. In some former industrial regions this pressure provoked de-industrialization. Modernization was never complete, however, and it was ruled out by other means, by which local producers could manage to survive and to maintain a competitive position, i.e. resist de-industrialization. The more we leave the British perspective behind, the more these other paths of development – which do not correspond with the British model, but which were released by it – gain ground.

Two main differentiations have to be taken into account. The first concerns the different levels of textile competence, which was high in some European and most Asian states, but which was less elaborated in many other European states, in Africa and in the Americas. The second concerns the time lag in mechanization as well as the different impacts, which were provoked by the advent of factory-spun yarn and, later, of factory-woven cloth. With regard to these two differentiations, the worldwide geographical pattern of textile production from 1820 onwards experienced fundamental restructuring.

Western and Central European regions, where textile manufacture enjoyed a high standard, were pushed to react on the advance of British machine-spun yarn, which appeared in the 1780s. If they did not want to leave spinning to British mills, they had to enforce tariff protection and to promote the development of domestic mechanical spinning capacities. Almost simultaneously spinning mills were opened from Catalonia to Lower Austria, and from the German States to Lombardy, replacing hand-spun first in the cotton sector, followed by wool and linen. The same happened in New England. Hand spinning only survived in very remote and backward areas and for yarn spun for subsistence purposes. Asian regions did not react in the same way. Hand spinning was maintained in many regions as the prevailing method, and it was complemented by imported machine-yarn, which put pressure on the wages paid for hand spinning.

The late mechanization of weaving resulted in a period of 20 to 40 years, when yarn was produced in mills, while cloth was still woven on the handloom. As a consequence European textile production changed its geographical pattern. Let us take the example of Austria and Bohemia. Some regions became ‘industrialized’: they housed the new mechanical spinning mills, which were overwhelmingly driven by waterpower. Others specialized in printing, and others in

20 Quataert, ‘Ottoman Empire’; Roy, ‘India’; Cliver, ‘China’.
22 Komlosy, ‘Habsburg Monarchy’.
hand weaving. In the first half of the nineteenth century in many former putting-out regions home
spinning was replaced by home weaving. Although the weaving techniques remained more or less
the same, the organization of the work process often changed significantly. Home-weaving
households primarily relied on their textile incomes, and exercised agriculture, if at all, only to
feed themselves. They worked for textile entrepreneurs, who often set up their headquarters in the
big towns, while putting-out weaving to peripheral regions specializing in home industry. While in
the era of manufactory and putting-out spinning and weaving mostly was an additional activity to
raise income, rural weavers now completely relied on the entrepreneurs’ orders. When demand
dropped and prices fell, the weavers had to increase their working hours, including all members of
the family. So they showed a specific vulnerability, while at the same time resisted becoming
proletarians.

Mechanization of weaving in continental Europe only started in the 1850s, again changing
the spatial arrangement of the interregional division of labour. Mechanization went hand in hand
with the centralization of the production in factories, leading to the development of factory towns
and factory villages in many of the former home weaving regions. Usually putting-out went on,
although the fields in which it took place changed. Home weaving was restricted to complicated
patterns and unusual materials, while special applications and finishing processes, which required
manual work, took most of the home workers’ time. The second half of the nineteenth century was
characterized by fully mechanized spinning and printing, concentrated in the more industrialized
regions, while weaving still relied on a combination of centralized factory with home-work,
represented by a sort of putting-out-factory, which reproduced the unequal division of labour on a
local scale.

Throughout Western Europe, the economic crisis of 1873 accelerated the search for new
industrial locations in rural areas in order to mechanize and save both labour and mortgage costs.23
The rural weaving mills often were mere branch establishments, depending on a leading enterprise
where management and marketing was concentrated. These company headquarters were usually
located in large urban or industrial agglomerations.24 In the United States the modernization of the
textile industry was stimulated by the Civil War. Cotton shortage and war damages accelerated the
build-up of new industrial patterns: capital moved from New England to rural regions in the South,


24 Compare for instance Komlosy, ‘Habsburg Monarchy’.

namely Georgia and the Carolinas, where labour was cheaper and not experienced in industrial action as the New England textile workers.\textsuperscript{25}

To sum up, the textile factory system of the last quarter of the nineteenth century in Europe and the US showed two faces: a factory type which was characteristic for core regions, comprising headquarters, research and development, production as well as sales, and a factory type which was characteristic for peripheral industrial regions, which depended on extra-regional management and was specialized on labour-intensive activities requiring a combination of factory and home work.

In the old centres of Asian textile excellence the mechanization of spinning and weaving provoked different reactions. In the national overviews two lines of interpretation coexist with regard to former industrial regions, oppressed by British exports. The first one rather emphasizes the devastating effects of British industrial exports on the domestic industrial landscape, in its worst case provoking de-industrialization.\textsuperscript{26} The second one rejects the measurement of regional developments by British standards and emphasizes the local producers’ ability to maintain industrial traditions in spite of the challenge of the factory system.\textsuperscript{27} They follow De Vries and Sugihara, who distinguish between two routes of global industrialization: an industrial path in the West, based on labour-saving technologies, and an industrious path, aiming at mobilizing human rather than non-human resources and at developing technologies for labour-intensive production.\textsuperscript{28}

Spinning must again be distinguished from weaving. As already mentioned, the mechanization of spinning introduced the factory system in some, mostly Western European regions which turned into industrial landscapes, proletarians becoming the dominant type of workers. Other textile regions partly maintained hand spinning, but more and more replaced homespun by machine yarn imported from the spinning mills. With regard to spinning they underwent de-industrialization. If hand spinning was replaced by hand weaving, which at that time generally was still a manual task, the transition from spinning to weaving could open new market possibilities. As a cheap input into weaving imported factory-spun yarn promoted Asian weaving at lower costs. The first half of the nineteenth century saw a boom of hand weaving. For some of the regions, which previously had specialized on spinning this replacement, however, meant de-

\textsuperscript{25} Blewett, ‘USA’.

\textsuperscript{26} Parthasarathi, ‘Global Trade’; Cliver, ‘China’; Lobato, ‘Argentina’.

\textsuperscript{27} Delson, ‘Brazil’; Roy, ‘India’; Quataert, ‘Ottoman Empire’.

industrialization. The bifurcation between industrializing and de-industrializing regions can be observed in old European as well as in Asian textile regions as long as the handloom still dominated the process of weaving.

By the time the factory system encompassed both spinning and weaving, Asian and European textile regions took different paths. Since weaving became mechanized in the mid-nineteenth century, European mass textiles were produced in factories that comprised the whole process from the preparation of yarn to the finishing of the cloth. Some former European hand-weaving regions now experienced de-industrialization; others became integrated into the factory system, albeit in the dependent position of extended workbenches. The factory-made cloth which was produced under these conditions became a competitor on domestic and on export markets, for which national governments fought heavy battles, which easily turned from economic into military ones.

Regional producers in traditional Asian textile centres were in a different position. They faced competition first from English and then from factory-made cloth from other European producers, who had successfully introduced the factory system and strove to find markets for their products. Generally, this advance of mechanized mass production, which usually is referred to as ‘industrialization’, went along with the repression of those textile producers relying on hand – or ‘non-industrial’ – work. In most Asian textile regions neither spinning nor weaving became mechanized during the nineteenth century. As a consequence the former leading textile regions no longer were able to compete with factory-made cloth on the world market, and even faced heavy competition on the domestic markets. Direct interference by conquest (in the case of British, Dutch and French imperialism in India, Indonesia and Indochina), or unequal trade treaties enforced by military power (in the case of the Ottoman Empire, Egypt, Persia, or China) exercised pressure on the textile producers to open their markets for industrial commodities produced in the West.

The consequences differed according to the specific specialization of a textile region on certain products for export. Bengal, which overcame the British import restrictions on printed calicos (1700) by specializing on white cotton cloth for the British printers’ demand, suffered the breakdown of its industry, when British producers began to substitute cotton cloth imports by setting up domestic cotton spinning and weaving and no longer depended on Bengal cloth after

29 With the exception of Western India (Bombay) and Japan, where textile mills were introduced in the second half of the nineteenth century – see Roy, ‘India’; Hunter and Macnaughtan, ‘Japan’.

Bengal often serves as an example for the destruction of regional textile competence by colonial interference. A closer investigation of other Asian textile regions shows that the Bengal case cannot be generalized, however. Other regions in southern and central India, which had not relied so much on exports, survived the arrival of factory cloth on the Indian markets and developed products with which they could compete. If we look at the Indian textile landscape, the nineteenth century not only showed withdrawal, but also the development of new forms of textile production. These processed (imported) machine-made yarn as the basis for a new type of manufactories combining centralized with putting-out activities, thus offering conditions to survive on the domestic market in spite of the presence of imported cloth. A similar adaptation occurred in the Ottoman Empire, where some textile regions gave up, but others developed products, techniques and organizational methods to be able to defend certain internal markets against ‘industrial’ (factory-made) textiles.

In the face of the manifold ways to maintain textile competence, the concept of ‘de-industrialization’ of Asian textile regions requires revision. Conversely, we cannot separate the Asian textile industries, whether successfully surviving or declining, from the impacts of the European attempts to repel them from their former leading position on the world market. Even if the European advances were not always successful and did neither stop Asian, nor American, producers from producing and innovating, they set up a new world economic framework. Until the nineteenth century the textile trade was dominated by centres in Asia, from which European merchants and companies sought to import. Then the European states, headed by England and followed by others, shifted towards the domestic production of what they had previously imported from Asia, fuelled import-substitution by mechanization, social and political reforms and put economic and military pressure on the Asian competitors to withdraw from the world markets and to open their domestic markets for British (and other) imports. Asian producers faced a new framework, which provoked a broad variety of reactions and adaptations. Neither for all producers nor for all regions, did the crisis lead to a withdrawal. New products and methods of production were developed, and new regions became involved. However, the various regional strategies depended upon the changes in the global relationship. Therefore they must be analysed in their relationship to the changing role of Western Europe on the world markets.

31 Rothermund, *Europa*.
32 Roy, ‘India’.
33 Quataert, ‘Ottoman Empire’.
34 As suggested by Roy ‘India’; also Sugihara, ‘Labour-intensive industrialization’.
I agree that the Euro-centric claim to establish the specific British process of import-substitution, put forward and accompanied by certain social and technological reforms, to be the model, which serves to evaluate industrialization processes in other parts of the world, should be rejected. However, the impact of Western Europe taking the world lead in industrial production and in declaring its regional path to be the universal way must not be denied, even when the whole process is seen through the perspective of non-European regions. The national overviews clearly show that Asian producers acted ‘in reaction’ to European competition, that they ‘adopted strategies’ in order to find ‘niches’ and to adjust to a situation of British – or Western – industrial hegemony. Successes were rather restricted to the domestic markets and the specific demands of local consumers, while they had almost no access to export markets. In particular, their successes relied on the ability to compensate the rationalizing effects of factory production by introducing new methods to lower costs by putting pressure on the wages of the workers.

China and Japan, both leading Asian textile producers with huge internal markets and a protectionist trade regime until the mid-nineteenth century, deserve special attention. Both empires opened their markets to Western competition only in the second half of the nineteenth century – as a result of military and economic pressure from the Western powers. Both countries remained important textile producers. China’s industry continued to be rural-based; it became an importer of Indian cotton textiles, which were exchanged in a triangular trade for Chinese tea for British markets. Conversely, Japan was able to modernize its textile industry according to the Western model of mechanization in the second half of the nineteenth century. On the one hand Japan became a main exporter of raw silk, replacing China in the Western markets; on the other hand the Japanese also exported cotton yarn and cotton cloth to Asia, Africa and Latin America, where they successfully competed with local producers as well as with Western exports. At the same time Japan defended internal markets against Western imports.

The discussion also relates to Latin America, which since its colonization was integrated into the world economy as a supplier of silver, gold, and agricultural commodities. Because of the distance from Europe, colonial settlers developed a domestic textile production for the home market, which copied European models. It was particularly developed in Mexico, Argentina, and Brazil. Conversely, it did not exist in those regions, which specialized in plantation products. Spain and Portugal did not play a major role in textiles; neither did their exports to the colonies.

35 Rothermund, Europa.
Textile exports to colonial Latin America on the one hand consisted of luxury cloth for the colonial elite; on the other hand textiles formed part of the ‘Atlantic Triangle’. This was established in the mercantile period, when European merchants and trading companies set up a triangular trade, in which manufactured goods such as textiles were exchanged for slaves who were brought to American plantations to produce cash crops for European markets. Textiles were to a considerable part of Asian origin and were re-exported to Africa and America by European companies. Asian textiles only were replaced by European-made textile exports in the first half of the nineteenth century.\footnote{Roy, ‘India’; Quataert, ‘Ottoman Empire’.
Lobato, ‘Argentina’.
Bortz, ‘Mexico’; Delson, ‘Brazil’.
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In the early nineteenth century Asian textiles ceased to play a role both on European and on American markets. Conversely, British and French textiles, especially after mechanization, were looking for new export markets. The Latin American colonies, which had become independent from Spain – or in the case of Brazil, became the centre of the Empire in 1822 – represented prospective markets. Local textile producers were challenged by European imports. In Argentina local textile production nearly disappeared,\footnote{Roy, ‘India’; Quataert, ‘Ottoman Empire’.
Lobato, ‘Argentina’.
Bortz, ‘Mexico’; Delson, ‘Brazil’.
} in Mexico and Brazil local producers were able to resist British imports, to maintain domestic production and modernize their textile industry according to the European model.\footnote{Roy, ‘India’; Quataert, ‘Ottoman Empire’.
Lobato, ‘Argentina’.
Bortz, ‘Mexico’; Delson, ‘Brazil’.
} They produced for the internal market, where domestic textiles and imports from Europe coexisted. In the cash crop and plantation economies like the Caribbean the supply of cloth was met only by European exports.

Compared to the period of mercantile capitalism, industrial capitalism in the nineteenth century faced a regionalization of the production chains. Textile manufactory and putting-out in the mercantile period seized the globe. In order to enlarge profits (at the expense of their Asian competitors), Western European producers in the eighteenth century sought to develop domestic production capacities also in those branches previously relying on imports. They put pressure on the governments to protect domestic industries and domestic markets against imports, thus contributing to the nationalization of the states and economies. In order to take over the domestic markets of the former leading textile regions, they promoted market globalisation, which, however, was based on the political and military power of their respective nation states. In the Asian textile regions the advance of factory-produced commodities in most of the cases did not provoke a national protection of the market. National protectionism was not on the agenda and if it was, like in China (traditionally until 1840) or Egypt (1810-1840), it was fought by unequal
treaties, which could be achieved because of the military supremacy of the European powers. Wherever Asian regional textile production resisted the pressures of European imports, it was restricted to domestic demand. Again Japan has to be mentioned as an exception. As in China, the opening of the country vis-à-vis Western commercial interests was due to Western military supremacy. Unlike China, Japan’s ruling classes were able to introduce British technologies at the end of the nineteenth century and to develop textile export capacities, which were not restricted to raw materials, but also included manufactured goods. Brazil and Mexico set up tariff protection against European imports, while they imported European machines and specialists in order to develop a national textile industry.

As for the supply of raw materials, overseas regions played a strategic role. In the first phase of industrialization it was not possible to substitute natural fibres. Cotton was not cultivated at all in Western and Central Europe, and there was a lack of wool because of the rising market production of woollen cloth. There were, however, successful efforts to increase the domestic cultivation of mulberry trees to raise silkworms in the Southern regions of Europe.

The significant role of cotton is rooted in the absence of European grown cotton and the rising demand for cotton textiles, one of the leading sectors of the ‘Industrial Revolution’. All European cotton producers had to organize the cotton supply, including cultivation and preparation as well as transport and security. Cotton supply became a national task, each state or region competing against the others and forming alliances with different regions of cultivation. Western Europe imported cotton mainly from America, where the centres of cultivation had shifted from Brazil to the Caribbean Islands, before they arrived in the North American South. France and Spain also relied on American suppliers. When France was cut off from her Caribbean planters during the wars with Great Britain, it tightened the contacts with the Ottoman Empire and improved the land transport across the Balkan Peninsula. The Habsburg Empire, but also Switzerland and some German States, relied on Ottoman cotton, since the Peace Treaty of Passarowitz/Požarevac (1718) opened commercial contacts with the Ottoman Empire.

40 Beinin, ‘Egypt’.
41 Hunter and Macnaughtan, ‘Japan’.
42 Bortz, ‘Mexico’; Delson, ‘Brazil’.
44 Komlosy, ‘Habsburg Monarchy’.
It can be considered a sign of economic decline and subordination under European hegemony, when the Ottoman Empire, which previously exported precious manufactured products, promoted its exports of cotton yarn and raw cotton in exchange for European manufactures. One could have expected that India would also turn from manufactured textiles to raw materials, when its cloth exports to Europe were substituted and its markets partly conquered by British production. India, however, did not become an exporter of raw cotton to Britain after its incorporation into the British Empire. This can be explained by the huge demand for cotton by the weavers, who went on to produce for domestic demand. Another reason is the rise of a triangular trade between Britain, colonial India, and China, which was set up by the East Indian Company (EIC) after 1780. China had cotton-cultivating regions, but they did not fulfil the demand of the growing domestic demand at the end of the eighteenth century any more. So China was interested in importing Indian cotton yarn and raw cotton in exchange for Chinese tea, which was increasingly asked for in Britain. This way, India became indirectly involved into a triangular trade, being a supplier of unprocessed cotton, albeit not for the British market. In the second half of the nineteenth century, when cotton processing factories developed in Gujarat, China became a market for Indian cloth, too.

British and other Western European demand for raw cotton was met by the southern provinces of the United States of America. From 1780 onwards, when the introduction of the spinning mill led to a steady increase in British demand, the US south specialized on cotton plantations. They were continuously expanding, expelling the Indian population from their homes and driving them westwards. The plantations worked with black slaves. After the slave trade had stopped, the slaves reproduced themselves, providing the plantations with local manpower. The cotton gin, invented by Eli Whitney in 1793, allowed productivity to increase in one of the most labour-intensive fields of cotton production: the cleaning of raw cotton. American cotton was of good quality and because of its long fibres was most suitable for mechanization.

In Egypt a similar variety of long fibre cotton was developed. Although part of the Ottoman Empire, Egypt enjoyed political suzerainty. After the end of the French occupation, Governor Mehmed Ali, who had come to power by fighting the French, forced the cultivation of cotton and opened state manufactories for spinning and weaving. The modernization of the textile industry aimed at building up domestic industrial capacities on an Egyptian level. The process of regional emancipation was stopped by Britain, which intervened in favour of the Ottoman army, when Mehmed Ali tried to conquer the Ottoman province of Syria in 1841. As a consequence of the

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45 Potts, Weltmarkt; Eric R. Wolf, Europe and the People without History (Berkeley, 2000).
defeat, the Anglo-Turkish trade agreement of 1838 was imposed on Egypt, too. Consequently, Egypt became a main supplier of the world market with raw cotton. The more the American cotton was used by domestic manufacturing entrepreneurs, the more Britain counted on West Asia and Egypt, which became a British protectorate in 1882. With the incorporation of Australia and New Zealand into its empire, Britain had also acquired colonies for wool.

Despite the association of industrial production with the concept of national strength, the globalising character of the idea of ‘national industrialization’ is evident: on the supply side it depended on cheaply accessible raw materials; on the sales side it depended on open markets for the manufactures, which – at the same time – were prevented from being industrial competitors by protectionist measures and military deterrence.


If we include the dismantling of the Spanish colonial Empire and the Ottoman domination of the Balkans, there are four periods of de-colonization. The first affected Latin America in the early nineteenth century, the second the Balkan Peninsula between 1830 and 1912. After the two World Wars a large number of former colonies or internal peripheries in Africa, Asia, Latin America and in Eastern Europe became politically independent. National sovereignty enabled a state to pursue a national policy of industrialization, aiming at overcoming its former position within the international division of labour. In many cases textiles were chosen to serve as a leading sector.

The old international division of labour with its existing patterns of regional/national specialization and division of labour was put into question. According to a region’s position within the old division of labour, the attempts to change appear in different perspectives. Although the focus here is on textiles, they always have to be seen in relation to other economic branches. When national industrial strategies were based on textiles, while growth had shifted to other sectors, their success in promoting ‘catch-up’ was limited. Equally, regional hegemony that was based on textiles risked decline as soon as a new economic cycle promoted new branches to take the lead.

Here we distinguish the perspective of the following three types of textile regions. The first were the old European textile regions that were affected by war damages, the Great Depression and the declining significance of the textile sector for economic growth. In the case of changing state borders, like in Austria or Czechoslovakia, the old interregional division of labour was disturbed and the industries had to adapt to the new market situation. The interwar period was a time of modernization: spinning faced the introduction of the ring-spinning machine, weaving the

46 Beinin, ‘Egypt’.

47 Komlosy, ‘Habsburg Monarchy’.
introduction of automatic looms. However, there were many regions and companies, which maintained outdated technologies. As a consequence different technological standards and types of enterprises coexisted and traditional ways of production, including homework, survived. Former leading textile regions missed modernization; they also faced the challenge from newly industrializing regions, which set up new textile capacities. This challenge started with a first wave of industrialization in the interwar period and it grew when new peripheral states and regions joined or intensified their attempts to achieve industrial modernization after the Second World War. The shift of textile production from central to peripheral regions took place on the international as well as on the interregional level. Dislocation of textile production to newly industrializing regions in former colonies and internal peripheries went hand in hand with the move from central industrial areas to cheaper rural locations within single countries.

The second type were former agrarian regions in the Third World or in Eastern and South Eastern Europe, some of which had only reached independence after 1918, or after 1945. They began to play an important role as textile producers in the twentieth century. In some cases, for instance the Caribbean, Africa, or New Zealand, the new independent states continued to deliver raw materials, such as cotton or wool, for manufacturing regions. However, there was a striving towards setting up domestic industrial capacities in the new nation states. To start with, import-substituting industrialization was emphasized in the consumer industries, last but not least textiles. Among the countries with a textile take-off in the interwar period, Argentina and Uruguay deserve attention in the South, as well as Hungary, Romania and Yugoslavia in Eastern and South Eastern Europe. Import substitution very soon met the boundaries of available capital, machinery, know-how and purchasing power, impeding the ‘catch-up’ with the old industrial regions. However, the Great Depression, which led to a revival of protectionism, and the Second World War enlarged the possibilities for some of the peripheral competitors. For Latin America this favourable period had already started in the 1930s, and it not only concerned the NICs, but also those nations – like Mexico or Brazil – which had already been established as suppliers of their own domestic textile markets for a long time. In Eastern and South Eastern Europe, which

48 Bohnsack, *Spinnen und Weben*.
50 Komlosy, ‘Habsburg Monarchy’.
were theatres of war, ‘catch-up’ was interrupted by the Second World War and only taken up under communist conditions.  

The third type were non-European regions, in India, China, Japan, or in the Ottoman Empire, the leading textile regions of the world, before industrial growth in European regions took off in the eighteenth and nineteenth centuries. Others, in Asia, but also in Western Africa, in Mexico, or in Brazil, produced for internal markets rather than for exports, yet had a diversified market production. The competition of European factory-made textiles had different impacts, reaching from isolation and trade protection (China until the Opium wars; Japan until the Meiji restoration in 1867), to de-industrialization (Indian coastal regions such as Bengal, Ottoman regions, Argentina), or a reorientation on domestic markets, or at least on some sectors of the domestic market where the local products were able to resist British and other western imports. When China, India, Turkey, Egypt, Mexico, or Brazil became leading producers of cloth in the twentieth century, it would not be correct to call this expansion a process of ‘catch-up’ industrialization, comparable to the industrial development of an agrarian society, which until then had supplied the world economy with raw materials. They had been industrialized countries long ago; in the eighteenth and more so in the nineteenth century their textiles were ousted from the world market which was conquered by western manufactures. When in the Western centres of the world economy the dynamics of growth shifted to other sectors, however, peripheries had the chance to take over a leading role in textile production. The restructuring of the international division of labour opened the way for peripheral locations to become textile producers for the world, or for the domestic market.

As a consequence of textile proliferation, in the interwar period and after the Second World War II the production of textiles was widely spread over the globe. Enterprise and labour organization, as well as technological levels, showed a broad range, including handicraft, home, factory and putting-out production. A wave of automation, which spread to peripheral world regions, coexisted with traditional methods, based on the availability of industrious working hands.

Despite manifold import and export activities and an ongoing international division of labour, the spatial reference of production was the nation state: in the old industrial countries economic nationalism was due to the rise of new competitors in the South and East, and to the political tensions before and after the World Wars; in the newly and renewed industrializing

countries the national focus was an immediate consequence of the attempt to build up or to strengthen domestic economic forces. Import-substituting industrialization as well as the modernization of existing industries were conceived as a national project, making use of the following supportive and protective measurements: tariff protection, active industrial policy, state regulation of labour conditions and social conflicts, integration of trade-unions in state politics etc.52

To evaluate success and failure, one would have to distinguish between different regions and states. Among those newly and renewed industrializing countries, where textiles represented a leading sector, we can observe very different paths. Regardless of the difference, each state acted in a rather isolated way, trying to overcome or to avoid dependency, and therefore reduce the international division of labour to a minimum. The conditions, however, to start and to compete differed from the old industrial powers. As the new competitors – many of them former colonies or internal peripheries themselves – did not dispose of colonies, they had to rely on internal sources in order to raise capital, labour, and methods to reduce costs. So they were trapped in a vicious circle: if lack of capital was compensated by credits or foreign direct investment, profits flew abroad. If capital was to be replaced by more labour-intensive forms of production, wages had to be kept low, with a negative impact on domestic purchasing power. Keeping wages low had a regional impact, too. In order to lower costs, production was dislocated in peripheral regions, where people were able to compensate for low wages with various other incomes, among them those provided by migration into industrial centres. So the attempts to catch up or to compete internationally contributed to the rise of regional imbalances in single countries.

The former leading Asian textile producers as well as some NICs had again become leading world textile and garment producers. But textiles did not represent a driving force of industrial development any more. To rely primarily on textiles, can hence be considered an indicator of a country’s very vulnerable position in the world economy. The more national industrialization programs turned out to be successful, textiles lost their leading role and were replaced by other industrial branches to lead growth.

1973/1980 onwards: Re-globalising textile production
During the period of reconstruction after the Second World War, in the industrialized West priority was given to national consolidation as well as to the re-introduction of multilateral

economic relations among the centres of the world economy. Although being important providers of raw materials for the industrialized world, peripheral regions in the South and East were somehow neglected. Paradoxically, this neglect enlarged their possibilities to pursue ‘catch-up’ and industrial modernization.\(^{53}\)

In the 1960s extensive growth had reached its limits, leading to stronger competition among the old industrialized nations and new attempts to integrate peripheral locations all over the world, including internal peripheries in the developed countries themselves. Dislocation of industries, outsourcing, labour migration and credits were indicators of increasing interactions between the centres and peripheries of the world economy. The crisis of 1973 can be seen as a turning point. It was rooted in the decline of profits because of a sharpened competition. The crisis led to new ways to renew profits, mainly the rationalization of production and the search to lower production costs. While rationalization introduced the shift from industrial to knowledge-based, post-industrial capitalism in the old industrial countries, the search for wage reduction opened the field for peripheral production sites to take over global manufacture. The term ‘new international division of labour’\(^{54}\) refers to the shift of industrial production to peripheries in the South and the (at that time Communist) East. Their contribution to the world economy was no longer reduced to raw materials, but to cheap industrial labour. The perspective may be a Euro-centric one, neglecting the fact that many of the NICs disposed of an industrial tradition, which dated back to pre-colonial and early colonial times or – in the case of interwar and post-war import-substitution – to the early periods of decolonisation. In other cases, mainly in the Caribbean and in parts of Latin America and South-East Asia, industrial capacities were only set up now, while many cash crop and raw material producing countries – for instance in Africa – were not at all involved in the process of industrial transfer, which followed the search for cheap production sites.

However, the international division of labour changed after 1973 and deserved a ‘new’ label. The changes became visible only in the 1980s, leading to a shift from a self-reliant to a neo-liberal political paradigm, replacing a – state-centred and state-regulated – national development policy by the idea of trans-national integration, administered by international monetary institutions. Communist Eastern Europe was affected by the new international division of labour since the

\(^{53}\) Hofbauer and Komlosy, ‘Capital Accumulation’.

\(^{54}\) Volker Fröbel, Jürgen Heinrichs and Otto Kreye, *Die neue internationale Arbeitsteilung* (Reinbek bei Hamburg, 1977).
1970s; the change of regimes in 1989 only accelerated the transformation of many Eastern European regions into extended workbenches for Western companies.55

Hence the spatial order of manufacture changed. Textiles and garments had long ceased to be leading industrial sectors; nevertheless textiles and garments are paradigmatic examples for the shift from nation-based production, which had been typical for the ‘short’ twentieth century, to present-day global manufacturing, which combines different locations all over the world to one global production chain. The reason for the special involvement of textiles and garments into the global restructuring is rooted in the low profitability and in the labour intensity of cloth and clothes production. In order to compete, the big companies of this sector were among the first to look for cheaper production sites in peripheral world regions.

Within a short period of time, production of textiles and garments sharply decreased in the old industrial regions, which underwent a process of ‘de-industrialization’, while peripheral regions in South and East, with or without a textile tradition, were chosen for new investment in textile and garment production. National governments and international development agencies often welcomed the investment of multinational firms, hoping that they would strengthen domestic industrial capacities and promote modernization. The transfer of labour-intensive manufacturing to old and new production sites in the ‘Third World’ (now also including parts of the former ‘Second World’) was completely opposed to national modernization and import-substitution, which had guided the post-colonial restructuring after independence. Under the new regime of global outsourcing, research, development and company headquarters remain in the world economic centres in Western Europe, the United States and Japan, while the peripheral production sites are mainly activated because of their cheap labour. They produce for the global production chains. There is no continuity between the industrialization, which aimed at modernizing the national economy and developing the internal market, and the global enterprise. On the contrary, they are in direct opposition to each other. The multinational firms produce in special free production zones, often exempted from taxes and national labour regulations, outsourcing work to a myriad of suppliers and subcontractors, who guarantee still lower wages and total flexibility.

The spatial and social picture completely changes: we observe new locations, and a new social and geographical composition of the workforce. Peripheral regions get trapped in mutual competition for offering the cheapest set of conditions. The general trend is towards a total withdrawal of the state from shaping the process of industrialization. However, this process would

55 Bettina Musiolek (ed.), *Ich bin chic, und Du mußt schuften. Frauenarbeit für den globalen Modemarkt* (Frankfurt am Main, 1997).
not be possible without the elites of the peripheral states, and it takes place with the approval of
the World Trade Organization, which replaced state regulations with international market
regulations. In China, the state still exercises control over the mass production for export markets,
but it equally ensures private investors, that labour and production costs are kept at a minimum
rate.

In the last 20 years in the old centres of the world economy, textiles and garments faced a
sharp decline. These sectors only play a marginal role, reduced to some highly rationalized
processing of special fibres and cloth (in factories without workers). Global management,
marketing and financing does not follow dislocation, but is concentrated in the global financial and
commercial centres. Textile enterprises can only survive in rare niches, which meet specialized
demand. Hence we observe a re-globalisation of the global production chains. A partial reversal of
the globalisation process can recently be observed in the garment sector, where some labels started
to outsource sewing and finalizing activities to metropolitan sweatshops instead of peripheral
regions. This process is limited to high-price fashion, however. As the workforce of the
metropolitan sweatshops is composed of immigrants from peripheral regions of the world, it is
precisely a spatial mirror of the global outsourcing.