Chapter 3

Anglo-America as Global Suburbia:
The Political Economy of Land and Endogenous Multiculturalism

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It would be difficult to describe the avidity with which the American rushes forward to secure this immense booty that fortune offers ... [with] a passion stronger than the love of life. Before him lies a boundless continent, and he urges onward as if time pressed and he was afraid of finding no room for his exertions. ... Fifty years have scarcely elapsed since Ohio was founded; the greater part of its inhabitants were not born within its confines; its capital has been built only thirty years, and its territory is still covered by an immense extent of uncultivated fields; yet already the population of Ohio is proceeding westward, and most of the settlers who descend to the fertile prairies of Illinois are citizens of Ohio. These men left their first country to improve their condition; they quit their second to ameliorate it still more; fortune awaits them everywhere, but not happiness.

Alexis de Tocqueville, Democracy in America

Anglo-America is the suburban sprawl of the global economy. That is, Anglo-America has a political economy in which land development creates both sides of the balance sheet simultaneously, and out of nothing. Capital emerges from debt on relatively depopulated lands whose streams of income are largely in the future, rather than from current streams of income. In turn, this new capital draws in a corresponding pool of labor to validate itself. In-migration driven by land development thus makes the constant renegotiation of internal racial and cultural boundaries described in the other chapters endogenous to economic growth in Anglo-America. Britain constitutes a partial
exception. The formative moments for Anglo-American states involve the establishment of a legal and institutional framework for dealing with the transformation of land into capital. These frameworks in turn motivate a search for labor.

This chapter thus addresses the core issues of identity and sovereignty found in the other chapters from a political economy point of view in order to show how Anglo-America differs from continental European societies on the one hand, and from non-frontier, non-European societies on the other. If Anglo-America is the world’s suburban sprawl, continental Europe constitutes its core cities and Asia its working class slums. Each area thus exhibits a distinct pattern of development that interacts and is interdependent with the other two. At the same time, Anglo-America is not a unified whole, but rather exhibits three distinct sub-patterns of sovereignty and land development. This political economy-based understanding of Anglo-America excludes countries whose legal system or linguistic character qualifies them for membership in James Bennett’s “New Anglosphere.” Their economic development follows a different dynamic flowing from the prior presence of a settled population.

I make three key points about Anglo-America. First, three different Anglo-Americas exist, with three different kinds of sovereignty and logics of state power. These Anglo-American states exist as hybrids, rather than pure forms. They are institutionally layered, producing the complex sovereignty Pauly and Reus-Smit identify and the divergent patterns of US-Canadian and US-Mexican relations Bow and Santa Cruz depict. Second, divergent patterns of state power in these three different Anglo-Americas animate and reflect different kinds of politics around land. The analyses by Bell, Vucetic, and Klotz partially reveal these patterns of domestic and external sovereignty. Third, efforts to populate the land in Anglo-America generate(d) the multi-layered sets of conflicts between different generations of coerced and free immigrants we see today. This combines with continual pressure to develop new land to produce the pervasive and perpetual liminality Klotz and Vucetic identify. Anglo-America’s external and internal borders constantly expand, drawing ever newer and different groups of people into its domains.
New groups mean new conflicts and forms of accommodation. The specifics for these conflicts and accommodations vary from place to place depending on the timing of settlement and expansion, and the kind of state power present. While the political economy of Anglo-America generates multicultural societies, it does not determine the specific form that multicultural policy will take. Yet the connection between growth and labor inflows means that mutual enmities in the Anglo-Americas can be papered over with access to property. Just so, the recurrent eruption of nativist social movements during economic downturns shows how growth lubricates social relations across different groups. Anglo-American multiculturalism is as much about mutual tolerance in the shared pursuit of goods as it is about moving past enmity to some notionally true shared identity.4

After a brief overview, the first three sections of the chapter correspond to these three points. The final section ties them together by suggesting that identity politics in Anglo-America is not free-floating but instead has a substantial and common material basis. Nothing surprising there: Alexis de Tocqueville had already identified the strong connections between land, migration, and the state in 1831. This political economy account focuses on the why and not the what of Anglo-American multiculturalism. But it is not intended to be totalizing, that is, to argue that all the ideational factors noted in the other chapters are ineluctably based on some “hard,” “real,” or economic factor. As John Weaver and John Belich both argue, Anglo-American ideas about the proper acquisition, use, and development of land powerfully shaped the political economies I sketch below.5

**Three Kinds of States in Anglo-America**

Anglo-America encompasses three different sorts of states created at different times. These states are sometimes overlaid on one another, as in the United States and Canada, but they are distinct enough to treat as different species. These different states align with different kinds of elites, different yet similar orientations toward land as an asset, and different patterns of immigration. The oldest Anglo-America is the classic absolutist,
sovereign state controlling a set of overseas plantation economies using coerced labor. The second emerged from the new England in America that overthrew control by that prior absolutist state, creating a more decentralized, locally controlled state. A wide range of immigrant labor populated this Anglo-America from early on. The youngest Anglo-America is the set of partially sovereign Dominions that Britain deliberately created in response to its failure to control the second Anglo-America. Predominately populated by immigrants from greater Britain, this Anglo-America did not get the much more heterogeneous mixture seen in the United States (or even Canada) until much later. Each of these Anglo-Americas has a different political economy over land, a different relationship to indigenous people, and a different form of multiculturalism emerging from its specific pattern of immigration. Despite these differences, they exhibit the strong commonalities the other chapters stress, as well as having disproportionately high levels of investment in and integration with each other’s economy.

These three state forms emerged as part of the expansion of a Britain- and then northwest Europe-centered global economy in the seventeenth through nineteenth centuries. Yet this expansion only meant that individuals, firms, and states would face incentives to acquire land at the frontier. It did not determine the form that expansion might take, or even that expansion was a certainty everywhere. Non-Anglo Europe and China also experienced an internal expansion into lightly- or un-settled areas and an intensification of production at this time. What made the Anglo-American expansion different from this more general process? Belich argues that the prevalence of permanent migrants rather than sojourners distinguished British colonial settlement from that of other European societies. This is partially true with respect to Britain’s competitors in the Americas, but misleading with respect to internal migration in Europe and China.

China also had British-style expansion of agricultural production through permanent migration of ethnically related peoples into sparsely settled areas. Indeed, the migration of Han people out of the Yangtze River valley into the geographic “China-island” limned by northern and western deserts, western and southern mountains, and the eastern sea defines much of Chinese history. This migration produced the classic ancient agrarian
empire but not Anglo-America’s characteristic multiculturalisms and immigration. Belich carefully limits his discussion to Chinese expansion into Xinjiang, the “far west,” which conceals this divergence. Similarly, the European expansion into its own internal hinterlands (including Belich’s Siberia) involved filling in pockets of contiguous land with families drawn from identical cultural and linguistic backgrounds. European peasant societies reproduced themselves literally at their margins – moving excess population into neighboring marginal lands. Where they didn’t – vide the 80 per cent of German emigrants who went into eastern Europe rather than to the Americas – they produced the same kinds of multicultural societies and tensions found in Anglo-America, until the two World Wars re-sorted eastern Europe into relatively homogeneous nation states. What made Anglo-American expansion different was the combination of modern, forward looking forms of capitalism, two novel kinds of state, and diverse sequential streams of immigrants.

A Classic Sovereign State Confronts a Settled Population

The oldest Anglo-America is the original British Crown, understood as encompassing both the monarchy and the commercial landed elite controlling that monarchy through Parliament after the mid-1600s. This state combined classic, absolutist sovereignty with despotic power, in Michael Mann’s sense of despotic – a reliance on coercion rather than self-motivation to induce action by subjects. As Cain and Hopkins and Brenner have argued, this state expanded its domain at the behest of commercial landed elites. It constructed an inner ring of new domains – in the sense of demesnes, land acquired without debt and fully owned by that commercial aristocracy – and an outer ring in the Caribbean.

Ireland was the original field of play for these elites. They sought a stable labor supply out of the existing local population for market oriented production on their new demesnes. They subjugated the local population, steadily squeezing it out of land ownership. At the same time they kept their large estates intact through entail, rather than having a modern land market. Most attention is usually focused on the plantation system
that emerged in the northern Irish counties. There, the British invaders attempted to clear out the local Irish population and replace them with British Protestant settlers, foreshadowing the later displacement and extermination of native populations in the other European settler colonies. But this overstates the degree to which Ulster was the model for the future, and simultaneously obscures why it was the model. The first Virginia Plantation occurred in 1607, essentially the same time as either the formal private (1606) and royal (1609) plantations in Ireland. Ulster was a negative model, highlighting the difficulty the crown and its associated elites faced in displacing and subjugating a dense, relatively developed native population in the rest of Ireland.

The plantation system was secondary to the larger engrossment of land in Catholic Ireland. Even in the Ulster plantations, settlers initially simply displaced Catholic Irish enough to make them into a useful labor force. Massacre and formal segregation occurred well after the Ulster plantation’s initial implantation. Instead, violent dispossession from land, and resistance to that dispossession, is the one constant in pre-1922 Irish history. The Catholic-owned share of land in Ireland fell from 59 per cent in 1641 to 5 per cent in 1776. From the Irish point of view, this was undoubtedly far too fast. But in comparison to expansion in north America, it was pitifully slow. There, for example, settlers expelled native Americans and occupied the Ohio and Kentucky territories, an area roughly three times as large as Ireland, in roughly 20 years. The Ulster plantation’s ultimate failure in destroying and replacing the local population reveals the contradiction inherent in the simultaneous acquisition of land and labor in a colonial system. Any place where conquest was easy was also a place where labor would be scarce. By contrast, while a large local population with a pre-existing sense of common identity might provide an immediate labor force, it would be an intractable labor force, perhaps more expensive to police than slaves would be.

The difficulty in containing a restive local Irish population locked the British state into an overt and despotic mode of control that parallels that in the slave societies of the Caribbean and southern North America. The British state in Ireland faced continual insurgency and responded with constant violence. Efforts to let Protestant Ireland govern
itself under a parliament in Dublin – though one already subordinate to the British Parliament after Poyning’s Law in 1494 and excluding Catholics through the Penal Laws from 1607 onward – proved increasingly problematic after some Catholics received the franchise and greater security of land tenure from 1771-93. Loosening of the Penal Laws at the end of the century encouraged the first of many Home Rule movements, basically slow motion rebellions. In the context of the French and American revolutions, Home Rule risked rebellion in Britain’s backyard, so even a limited degree of autonomy was intolerable. The British state bribed and bullied Ireland into a union and thus direct rule in 1801.

The expansion of a commercial agriculture controlled by an aristocracy and oriented towards Britain shaped the subsequent evolution of state, economy, and population both in Ireland and, in a different way, in the rest of Anglo-America. The British market strongly shaped Irish land use and thus the degree to which the local population constituted an economic resource or not, and in turn whether that population stayed put or migrated. Growing British demand for foods, and competition from cheaper food sources in Europe and the Americas, meant that Irish agricultural exports shifted from extensive cattle grazing (for salted meat) to wheat and then finally to dairy and fresh meat. Cattle required grazing land, which accounts for the first displacement of Irish peasants (and to a lesser degree Protestant Ulster settlers) onto smaller and smaller plots of land. In the 1600s and even more strongly in the 1700s, “cattle ate men.” But from the late 1700s through the mid-1800s, the area tilled for grain increased eight-fold, peaking at 440,000 hectares in 1847, or nearly a fifth of all tilled land. In the 1780s Ireland had been a marginal net exporter of grain; by the 1800s it exported ten times more grain than it imported and provided half of British grain imports. Where low-quality cattle had displaced peasants in the 1700s, grain now displaced both in the early 1800s. Cattle returned after the 1850s, but as dairy animals and for live slaughter in Britain. Two million acres shifted from cultivation back to pasture. In turn, milk and butter accounted for one-fifth of agricultural output and the entire animal sector for 60 per cent by 1900.

These shifts had a profound effect on the Irish population via the demand for labor, and
thence on Anglo-America via the supply of ready Irish immigrants. Extensive cattle grazing required much land but little labor. This compressed the existing population onto ever smaller plots and helped start the first, heavily Ulster Protestant wave of out-migration to both Britain and the Americas. The shift to wheat exports increased labor requirements, primarily for harvesting, and dampened outmigration. But the final shift back to animal husbandry drastically reduced labor demand and available land, producing a huge wave of out-migration in the 1800s. During the 1800s a net outflow of 7 million people meant that the Irish constituted between 18 and 25 per cent of the population of the Americas, Australia, and New Zealand by 1890. A further 2-3 million Irish migrated to Britain, though largely at the end of the century, and with a large seasonal component. Remarkably, Ireland was one of the few western European locations to lose population during the European population explosion of the 1800s, falling from a peak of 8.5 million in the 1830s to roughly 4 million by 1930. In other words, Ireland’s 1930 population barely exceeded that already attained in 1790 in the United States (including slaves). By contrast, the Irish-born and -descended population of the United States alone probably amounted to 10 per cent of the total US population of 123 million in 1930.

In Britain and particularly England, this huge inflow of Irish created a permanent if small underclass. As in the southern US and other parts of the empire where English came into contact with “natives,” “white” Britons constructed classic racial hierarchies excluding the Irish. Though this did not rise to de jure segregation, in the larger industrial towns with a substantial Irish presence (e.g. Liverpool), de facto segregation was the norm. As Klotz’s chapter points out, Ireland’s constitutional status was always in doubt. While it was theoretically ruled from and represented in Westminster, the fact that the Colonial Office handled day to day administration shows that the Imperial state could not figure out if Ireland was part of the metropole or the empire in our conventional understanding of those terms.

The export-oriented and exploitative agriculture using a dense local population, racial hierarchy, and overt state coercion pioneered in Ireland forms one package of social relations in Anglo-America. Its details are repeated everywhere in Europe that an
ethnically and religiously distinct aristocracy exploited a peasant population in order to construct a classic absolutist, fiscal state possessing a relatively large military and considerable direct state control over the economy. With commercial agriculture and out-migration, these processes occurred everywhere European empires encountered relatively dense populations outside Europe. The British state also replicated this package in its tropical empire, albeit abjuring settlement in favor of rule through local intermediaries, as in India. They also did so in ways that accommodated labor shortage rather than labor surplus in the Caribbean and the US slave states. This extension into north America came into conflict with the different kind of state created by a population fleeing that highly exploitative and coercive empire in what became the northern United States.

“A Government Out of Sight” and Immigration in North America

By contrast with the first Anglo-America, Anglo-American north America possessed two novel and related features: first, expansion into non-proximate areas that were essentially devoid of population; second, the construction of a new form of modern state by local elites rejecting the constraints imposed by the oldest, most coercive Anglo state. Both novelties rested on modern markets in land, and equally important, modern capital markets around land. In turn, these novelties drove a massive and unprecedented immigration mirroring the equally large-scale flight from modernizing economies in absolutist Europe. Immigration occurred in sequential waves that generated recurrent conflict between older and newer groups of immigrants. Where British engrossment of Ireland produced a backwash of immigration, terror, and a national liberation movement, immigration into north America produced nativism, hybrid identities, and a jus soli understanding of citizenship.

This second Anglo-America initially grew rapidly on the basis of local population growth. Efforts by the crown to control expansion and in particular to limit claims on the crown’s military resources – which amounted to the issue of how fast and how thoroughly the extermination of natives should occur – provoked a backlash by an already “multicultural” settler community that had already begun to develop its own
distinct identity. This produced fully sovereign secessionist states in a double movement, with 1776 and 1860 as the starting points. The second revolution was an effort to remove the lingering aspects of the first Anglo-America, namely the slave south, which was a hybrid combining the first Anglo-America’s coercive economy with the second Anglo-America’s orientation towards modern land markets and expansion into thinly settled territory.

Although it took two revolutions cum civil wars – 1776-83 and 1860-65 – to emerge fully, the second type of Anglo-American state departed considerably from the typical contemporaneous European model. Contrary to Alexander Hamilton’s desire for a visible and active European-style state, the United States built “a government … out of sight.” But out of sight did not mean out of mind. America was no libertarian paradise in which order emerged spontaneously from voluntary market transactions. Rather, conscious of its inability to coerce compliance, this new state created a system of property relations precisely in order to generate voluntary adhesion to itself. This framework favored debt-financed expansion of agricultural production.

Where European states homogenized people, the new US state homogenized space through massive internal improvements, the Public Land Survey System, and a new legal framework for transferring land from the state to individuals. The new state then let individuals operating inside this framework work out the optimal pattern of production. Markets homogenized individuals as producers, and those producers offered up loyalty to the new state. “Homesteaders (and homeowners) into Americans” characterized the United States rather than “Peasants into Frenchmen”; survey and regulation preceded settlement and production rather than being imposed on extant and heterogeneous populations.

In the Caribbean and the US south, the original, coercive Imperial state constructed a set of economies that were the mirror image of Ireland. Native populations either died off or could not be forced to work, so planters imported various forms of bonded labor, including transported Irish rebels, before settling on slaves from Africa. They reproduced
Ireland, but without a population whose prior social ties and identity made them intractable. These areas hybridized some features of the classic sovereign state found in Ireland, including strict racial hierarchies or color bars and an openly coercive state, with a social structure based on free sale of land. Free sale of land and a modern mortgage market made expansion economically possible.

The point of contact fusing the interests of slave and free states in the colonial and post-revolutionary United States was a desire for westward expansion, that is, more land. Britain sought, through the Proclamation of 1763, to contain westward expansion in order to limit expensive conflict with Indian nations to the west of the Appalachian Mountains. Further, the Treaty of Paris terminating the Seven Years War gave Britain sovereignty over the lands from the Appalachians to the Mississippi River. Britain used this power to attach the lands north of the Ohio River to Quebec in the Quebec Act of 1774. Areas south and east of the Ohio and west of the Proclamation line were reserved to the Indians (or contested with Spain). Combined with a prohibition on direct private land purchases from Indians, the Proclamation sharply curtailed the possibility for western expansion and for local self government.

From the British side, this seemed a prudent limit on the increasingly restive American colonies. Just so, the difficulties involved in domesticating French and Catholic Quebec made the British increasingly reluctant to countenance immigration to the colonies by people from outside the Empire. Although Britons (and, of course, Africans) constituted by far the largest ethnic groups, Germans accounted for about 8 per cent of the non-African population at the time of the Revolution, and more Germans than English (albeit not Britons) emigrated to the colonies in the 1700s. There were substantial Dutch, Swedish, and Irish populations, and worse, they lived in geographically concentrated settlements conducive to rebellion. The same was true of various non-Anglican religious groups. From the side of expansion-minded American elites, restrictions on westward movement and immigration were intolerable. Expansionists won the Revolution, which in part was a civil war between themselves and those Loyalists who fled to upper Canada.
The new American state had a different attitude towards land, (immigrant) labor, and governance than the old imperial state. Unlike the old imperial state, the new American state had to compete with Britain (via Canada), its own possibly independence-minded westward-bound settlers and, to a lesser extent, France and Spain for settlers’ loyalty.\(^{24}\) Much as in the original Thirteen Colonies, the key issue was access to land. Settlers would align themselves with whoever offered them secure tenure, more land, and self-governance. And as a century of events from Bacon’s Rebellion in Virginia (1676) through to the American Revolution (1776) had confirmed, settlers were likely to abandon or destroy elites who tried to stem their westward outflow. Wakefieldism—limiting access to land so as to assure landowning elites a steady supply of cheap labor—worked better in theory than in practice.

The new Anglo-Americas in north America thus bid for settler loyalty with land, rather than coercing loyalty. This competition produced a curious isomorphism, first between Ontario and the United States and then later in the prairies. While the 1862 Homestead Act seems archetypically American, Britain first offered free land to settlers in the Ontario peninsula. Though these were largely loyalist refugees, they also included large numbers of politically indifferent Americans simply seeking free land. Canada’s governor (1791-96), John Simcoe, saw land grants as a way to bid away population from the new United States and thus simultaneously weaken it while strengthening British Canada.\(^{25}\) His land grants tripled Ontario’s population from the Revolution to 1800. He also sought to use Ontario’s strategic position on the Great Lakes to consolidate control over the Mississippi River watershed, blocking further westward expansion by the new Republic. Meanwhile, aside from military tracts in upstate New York, the new United States was selling land at $2 per acre upset price in the Northwest Territories (that is, Ohio, Indiana and Michigan).

At that time, Simcoe’s strategy made sense, as the loyalties of the majority of settlers and traders in the Great Lakes littoral and upper Mississippi were in play.\(^{26}\) Neither state could project enough pure military force into the region to control it without first securing the loyalty of the existing settler population.\(^{27}\) As Hatter points out, much of the
American militia in Detroit was composed of nominally British citizens. At the same time, the post-revolution, post-Constitution government in the United States saw westward expansion as the relief valve for its current domestic class conflicts. So the new republic had multiple incentives to offer secure property title to potential and actual settlers. Successful imposition of a regulatory structure favoring settlers reversed the population flow into Canada; an estimated fifth of Canada’s natural increase and immigrants, amounting to approximately 2 million Canadians, flowed into the United States from 1850-90. Some Americans, and American firms, also flowed north, making Canada less like its other dominion siblings.

The new US state also seemingly inverted the usual European top-down governance structure. States (and in some cases local governments) predated the Constitution and, unlike corporate European towns, were not creatures of the Federal government, except insofar as the Constitution established a procedure for admitting new states. But local independence or self-governance only occurred inside the larger framework established by the federal government. States and townships were at liberty to find their own economic path so long as they stayed within the parameters set by the Federal government. States and localities were implicitly and explicitly in competition with each other for immigrants and capital. They did not hesitate to use their revenue and regulatory capacity to chase both.

Internal and external security thus rested on the new state’s ability to deliver land to migrant and immigrant settlers, and, in the south, to control slaves. As with European states, this required revenues and military force. But the new state had different relative proportions for these. Where European states confronted established land-owning nobilities, the new US federal state pre-empted ownership of most trans-Allegheny land. Federally owned land in the Northwest Territory amounted to 200 million acres, and the Louisiana Purchase, Texas, and California comprised an additional 1 billion acres. Land sales provided on average 13 per cent of Federal revenue from 1806 until 1846. In the 1830s it averaged about 23 per cent of Federal revenue, and in 1836 land sale revenue actually exceeded customs revenue. By contrast, customs and excise taxes and state
monopolies provided the bulk of European state revenues. The Federal state bought policy compliance and economic integration from the states (provinces) by allocating 5 per cent of land revenue to them for road construction, and of course, the famous grant of one township section out of every 36 sections to fund primary education. Federal revenue sharing rose to 14 per cent of land revenue by the 1860s, and in 1862 the federal government granted yet more land to the states to fund agricultural colleges. But a fuller discussion of the relationship between transport infrastructure and immigration comes naturally after a consideration of the dynamics of slavery and the financial infrastructure.

To be sure, the federal government maintained a military presence at the frontier, tacitly and often overtly aiding the states in the dispossession of Indians. But its army engaged in only one sustained traditional campaign of expansion, against Mexico in 1848. Even that was brought on by the steady in-migration of Anglo and German settlers into Texas and California, which was rather different from, for example, a contest over settled lands along the Rhine or Isonzo. The signature events in US expansion were instead the Louisiana or Alaskan purchases rather than overseas empire or unification of a group of ethnically and linguistically related states through war. Even there, the acquisition of New Orleans was intended as much to secure the loyalty of settlers upstream in the Northwest Territories as it was to remove the French and Spanish as strategic threats. As Jefferson himself noted, internal threats like Aaron Burr’s conspiracy found little support from settlers already well served by the Federal government.

Why expand? As in Ireland, each successive increase in British import demand affected production in north America. But unlike Ireland, the frontier moved outward with each increase. For example, cotton production rose from 3,000 bales in 1790 to 4.5 million bales in 1860, moving steadily across the southeast from Georgia to Louisiana. Each increase thus brought in train an expansion of extensive production at the frontier, an intensification of production in former frontier zones, and rising labor demand in both. In Ireland, conquest simultaneously obtained land, labor, and output. Investment and expanded production could occur without recourse to capital markets, though at the cost of increased coercion of the Irish. But in the US south, conquest (the expulsion of native
Americans) created only the possibility for new production units, and those units lacked labor and any prior improvements. Creating a labor force, buying land from the state, and putting up basic structures required borrowing in advance of production.

The federal state abetted local (southern) states’ efforts to create access to this borrowing by permitting free banking by default. Legislation in New York in 1838 permitted banks to use federal or state bonds, rather than specie, to back notes. This system spread to the frontier states to accommodate planters’ desires to capitalize new production. By 1860, 17 out of 33 states had free banking, and another four a modified form. Booming demand for cotton created new demand for land and slaves. Land sales rose from an average of 359,000 acres per year in 1800-1814, to 5.5 million acres in 1819 and eventually 20 million in 1836. But all of this activity was based on expectation rather than established production. It required credit creation, rather than simple credit intermediation. The southern states were able to “bootstrap” development in a kind of Ponzi scheme that funded mortgages on land whose stream of income lay in the future, by using state bonds whose revenues ultimately also relied on that future stream of plantation income.

The contemporaneous Secretary of the Treasury, William Crawford, acknowledged this bootstrapping, saying many banks were incorporated “not because there was capital seeking investment … but because men without active capital wanted the means of obtaining loans, which their standing would not command.” Would-be planters, particularly in Louisiana, Mississippi, Arkansas, and Florida, founded banks to extend themselves mortgages. Ultimately, the banks needed specie to fund actual purchases of slaves and other capital goods. These came not from deposits but from a flow of capital organized by their own states. The pre-Civil War southern states gave planters’ banks state bonds. The banks sold those bonds in the global capital market, receiving British pounds, which they could then lend to factors, who in turn lent to planters trying to capitalize production. The new southern states thus bootstrapped their economies. Just as individual planters borrowed against the coming year’s crop, their states borrowed against the coming year’s revenues. These states borrowed $732 million in the 1830s.
Expanding debt on one side of the balance sheet had a corresponding asset in the expanding number of slaves. Slaves in the abstract are a form of capital good. But in their absence there would be no labor force, and owners would not be able to repay loans against their land and slaves. These slaves were purchased from slower growing areas, like Virginia. The roughly 700,000 slaves present in the New United States in 1790 grew to nearly 4 million by 1860. But their numbers grew because slavery in the old, upper South had become a relatively benign condition as compared with, say, sugar production in Brazil. Life expectancy for US slaves was about double that for Brazilian ones.\(^{39}\) This burgeoning slave population created a mobile labor force that could be redistributed as production moved westward towards the Mississippi River. Traders moved roughly 200,000 slaves per decade from the upper South (primarily Virginia) to the cotton South in the 1800s. Thus while Virginia contained 42 per cent of the US slave population in 1790, by 1860 both Alabama and Mississippi rivaled it at around 11 per cent.\(^ {40} \) Had Virginia maintained its share of the US slave population, it would have contained 1.7 million slaves in 1860 rather than 491,000.

Slaves represented an additional increment to the capital investment needed to start cotton production. In 1805 the estimated value of the US slave population was $300 million. By 1860 it had risen to $3 billion, implying a rising price per head.\(^ {41} \) The combined need to borrow for both land and a labor force disguised as a capital good meant that rapidly growing southern slave states had very high levels of credit creation, as Figure 1 shows by comparing bank credit to real income in the northwest territories, old south, and new south. Both sets of southern states had very high levels of debt the 1840s. By contrast, producers in the old northwestern territories, which did not need to borrow to buy slaves, had very low levels of debt. Figure 2, by contrast, shows the prominent place that slaves occupied on the asset side of the South’s balance sheet.

[Figures 3.1 and 3.2 about here]

Settlement of the non-slave territories in north America gives us a purer form of the
second Anglo-America. Here, successive waves of increasing demand pushed the frontier out in discernable increments. Each new increment drew in a new wave of immigrants, with a new predominant ethnic or national group. The same cotton boom that propelled slave agriculture across sub-tropical America also caused the Northwest territories to boom on the basis of secondary demand. Immigrants constituted one-sixth of total white population growth during the 1830s-40s boom. But this immigration deepened the existing ethnic heterogeneity of the North, as only 25 per cent of immigrants were British. Instead, Germans, mostly from the Rhineland, and Irish provided a third each. Expansion of the wheat production frontier into Illinois, Wisconsin, and Kansas likewise expanded the catchment zone for new immigrants to Francophone Europe and Scandinavia, driving the British share down to 20 per cent. By 1860, 22 per cent of the northern population was foreign born; in northern Eastern seaboard cities it was as high as 50 per cent. Naturally, not all immigrants ventured west. But the inflow made it economically rational for some native born Americans to do so.

These immigrants had the same economic effect as the rising population of slaves. By populating lands emptied of native Americans, they enabled borrowing against that land. That borrowing validated the same kind of bootstrap investment in infrastructure that had occurred in the south. The Federal and “provincial” states provided infrastructure more aggressively than did European states. Not only did the Federal government build infrastructure in advance of production, it also built publicly at a time when Europeans built privately. It then reversed course, promoting private construction at a time when Europeans moved to public construction. In the North, states provided about 40 percent of all railroad capital in the 1830s. Revenue and infrastructure were organically connected, as indicated above. The Federal General Survey Office was housed in the Treasury Department rather than at a ministry of the interior. Land and infrastructure were also organically connected. A federal land grant funded construction of the Illinois Central Railroad, which was intended to connect the Upper Mississippi at Galena, Illinois to the Gulf of Mexico at Mobile, Alabama. This system was generalized in the 1862 Pacific Railway Bill.
The land grant railroad system is the archetypical instance of the new state, and in many ways typical of American industrial policy ever since. The federal state wanted a railroad network that would tie the entire continent together. Rather than designing it from the top down, the Federal government gave fledgling railroad firms alternating sections of land along their planned routes. This policy put the onus of land development on the railroad company. They could not make money unless the land adjacent to the rail generated sellable commodities to be carried by the system, nor could they raise capital without mortgaging their land grant. So both land and infrastructure were organically connected to immigration, as land was worthless without labor. The Illinois Central Railroad received 2.6 million acres of land. But these had to be sold within ten years or forfeited at auction. So the ICR offered seven years credit to settlers and small down payments to buyers. It did so through its own land development company, which distributed advertisements in Europe and engaged agents to seek emigrants. More generally, private firms like the American Emigrant Company tried to indenture potential immigrants so as to increase their number.

Railroad expansion, production expansion (including industrial products for and from agricultural production), and immigration were thus tightly connected. Each bump out of production brought a wave of new immigrants. These waves were non-random in two ways. First, each new wave of production brought in a different wave of immigrants. Most Europeans migrated in search of substantially higher wages than they could get at home. The flow of migrants inward and the flow of cheap food outward tended to reduce the gap between European and US wages. As migrants streamed out of a given area, they reduced the labor supply there, raising wages. As cheap food streamed in, real wages rose. As in the United States, railroads and steamships mediated this process. They made moving cheaper but also brought in cheaper food. Europe’s rail networks built out eastwards in parallel to the westward build out in the United States. Second, chain migration meant that immigrant waves clustered in specific locations. Put simply, immigrants from a given region in Europe tended to migrate to US regions that already had migrants from their family, village, or province. This reduced the transaction costs for migrating.
The combination of the moving frontier and chain migration produced large-scale regional clusters of immigrant communities still visible a century later in the United States: Norwegians in the upper prairies; Swedes in Minnesota; Finns in Washington State and the Michigan Upper Peninsula; Poles in Wisconsin, Michigan, Illinois, and New York; Dutch in New York and Western Michigan; Italians in greater New York City; Hungarians in western Pennsylvania and eastern Ohio; Czechs in Texas and Nebraska; Danes in Nebraska and southern Minnesota; non-Jewish Russians in North Dakota; Chinese and Japanese on the West Coast. Germans of course dominate much of the old northwest, northern Prairies, and Texas, but the data are not fine grained enough to identify areas of origin within Germany. Table 1 shows some of the heterogeneity in the foreign born population that still prevailed as late as 1920 in six non-southern states selected for geographical representation and different periods of settlement.

[Table 3.1 about here]

This pattern of immigration had political consequences. As Kevin Phillips noted, regardless of specific issues, political conflicts in most American congressional districts typically revolved around a struggle for power between earlier and later groups of immigrants, as with Catholic Germans and Lutheran Scandinavians in the upper Midwest. But the heterogeneity of the immigrant population in any given area often meant that immigrants from the same regions (and religions) often ended up in different parties at the national level. The political economy of immigration thus makes America’s peculiar multiculturalism differ from that in Canada, and even more so Australia or New Zealand. There, as we will see, later migration and greater controls over inflows created less heterogeneous populations until quite recently.

The second Anglo-American state and society thus differs from the first on two important dimensions. In terms of sovereignty, the state’s control over society was less coercive and much more indirect (with the important regional exception of the slave states). The state ruled by establishing frameworks in which market contestation would produce the
outcome the state desired, rather than through dirigisme or state owned enterprise. In terms of population, the second Anglo-America was an immigration receiving country, rather than a primarily sending country. It attracted a huge but sequential variety of immigrants. Those immigrants came in order to validate the exploitation of new lands opened up through land grants. These two distinct features were intertwined, as those land grants were a form of indirect state building or economic planning.

**Dominionization and Partial Sovereignty as the Third Anglo-America**

British determination to avoid a repetition of what they saw as a geopolitical disaster in north America strongly shaped state structures and immigration in the third and final Anglo-America. The 50-year process of Dominionization addressed the issues that troubled British relations with the 13 US colonies up to 1776: population, responsible government, control over land (which also meant control over relations with the indigenous and quasi-indigenous populations), and taxation. A settler society was already forming in upper Canada. Could the British empire continue to control this society as well as what became the seven Australian colonies, the Canadian Prairies, and southern Africa? As in the second Anglo-America, settlers in all these societies lusted after land, spilling over the frontier set by the authorities. As in the second Anglo-America, they needed labor to make that land valuable. As in the second Anglo-America, centrally set limits and taxes created some danger of disenchantment.

A British state determined not to have a replay of the US revolution created the dominions by devolving just enough control to local governments to avoid irritation, and abjuring taxation. But Britain retained control over all the important external aspects of sovereignty: foreign affairs, defense, and the law. Thus the Dominions emerged from the nineteenth century with semi-sovereign states, capable only of looking inward and not outward. In turn, this affected how in-migration connected to land development.

First, with respect to immigration, the dominions deliberately refused to add new and potentially disloyal streams of immigrants from outside an imaginary Anglo-Aryan and
indeed Anglo-Saxon community. This kept the imagined community with Britain stronger than in the rebellious polyglot, polytheist, poly-ethnic American colonies. Indeed, as Belich points out, by the end of the century Anglos in the new dominions considered themselves “better Britons” than those in the metropole. While this started as a government policy, the narrower emigration pipeline into the dominions, and the fierce (and often failing) competition with the United States, meant that the labor force ended up more homogeneous than that in the US.

In turn, greater solidarity allowed labor to exert more political power in all these societies. Organized labor used this in part to further restrict immigration and thus wage competition from low wage areas of Europe and especially Asia, as in the unofficial and official versions of White Australia. Asian exclusion thus ran parallel to and reinforced relative homogeneity in the dominions. While large employers were more than happy to bring in Chinese and South Asian labor in large numbers, workers and small firms in European settler communities all around the Pacific Rim correctly saw Asian immigrants as a threat to wage levels and small enterprise. They pressed their governments to restrict Asian immigration by any means. The British Empire theoretically assured free movement to all subjects within the Empire. But the dominions used dictation tests, bars on direct passage, residency taxes and other opaque barriers to restrict Asian inflow. The United States also barred large scale Asian immigration in 1882, following a series of California laws attempting the same thing. Asian exclusion shows the limits to the suction empty land exerted on free bodies in other countries. Like America’s postwar segregated suburbs and modern gated communities, nineteenth-century Anglo-America made sure that Asians stayed in the working class slums.

Multiculturalism thus took on a different valence in the dominions. Instead of the extreme heterogeneity of the United States – still probably the most diverse large country in the world – the dominions were instead more bifurcated societies until after World War II. On the one hand, the new dominions all faced substantial and indigestible communities of others – Māori in New Zealand, Irish in Australia, Africans and Afrikaners in the Cape, and Quebecois in Canada. Africans aside, all these groups had a better status than ex-
slaves in the southern United States, which prevented the extreme polarization found there. Unlike the United States, where the indigestible “second society” was a disenfranchised population of ex-slaves, the second societies in the Dominions all attained a significant degree of cultural, legal, and political autonomy, including control over large politically defined territories. The defensive cohesion these prior communities exhibited enabled them to avoid becoming just one more item in a list of hyphenated peoples. This permitted those second societies to retain and maintain a distinct identity in a way that, for example, the Irish in America did not. On the other hand, postwar import substitution industrialization in Australia and New Zealand created the diverse European populations America and Canada already enjoyed in the prior century. Continued export of raw materials funded that postwar industrialization, however, creating an echo of the earlier dynamics. What was new was literal suburbanization, with industrialization and a growing population validating land values in new housing tracts.

Second, with respect to land, policy differed in several critical respects from that in the United States, and this in turn allowed immigration to be more selective. Ontario aside, the dominions were at the outer edges of the agricultural production zones supplying Britain and Europe as compared with the United States during the nineteenth century. The dominions thus engaged in more extensive, and thus less labor intensive, production processes. While Australia and New Zealand were expanding sheep grazing for wool exports in the 1860s-80s, the old Northwest territories and New York in the United States were shifting to more intensive dairy, meat, and orchard production. So while the dominions needed labor imports to valorize land, they needed proportionately less than the United States did. At the same time, the dominions, except Canada, had to subsidize immigration. New Zealand’s subsidies amounted to roughly 45 per cent of the annual wage for a family of four. Subsidies allowed the dominions to be more selective than the United States. Tellingly, one of the classic economic histories of New Zealand, by M.F. Lloyd Prichard, has a table of immigrant origins from 1861-76 and lists only two categories: United Kingdom and British possessions; while a second one covering a later period simply lists emigration from Britain.
At the same time, the Dominion governments metered land into the market after the early experiment with free land in Ontario. In New South Wales, Australia, for example, the upset price for land sales in the 1860s was set at £1 per acre. At about $4.85, this is well above the initial $2 per acre sale price for land in the US northwest territories, about five times the later $1 per acre price, and of course infinitely more expensive than a homestead grant. As in the United States, land sales were expected to help provide part of the cost of building infrastructure. And indeed, in New Zealand for example, land related revenues, including quitrents, provided roughly one third of revenue in the 1870s and 1880s. But the critical difference between the United States and the dominions was the use of public debt to build and operate publicly owned railways, or directly subsidized private railroads, as in Canada.

Metering the flow of land into the market in order to strike a balance between local expansionism and indigenous rebellion was only moderately successful, as recurrent conflict with the Métsis in Canada shows. In Southern Africa, the Boer proved uncontrollable until after the Boer Wars. In Australia, squatters engrossed critical water supplies that gave de facto control over much larger areas (as also happened in South Africa). In New Zealand the great rush of immigrants from 1860-80 sparked the “Land Wars” with the Māori. And in Canada, competition with the United States induced a land grant policy once the US Homestead Act created a magnet for land hungry settlers. Canada’s Dominion Lands Act (1872) is thus the great departure from the Dominion pattern of land sales rather than grants.

Even so, its weaknesses relative to the US Homestead Act reveal a different attitude towards settlement. The Lands Act only applied to Canada’s prairie provinces, and initially only to land more than 20 miles from a railroad. This reduced the uptake of land, as it made commercial farming unprofitable until the widespread use of motor vehicles. In 1882 this requirement ended, and the next decades saw an explosion of new settlement. This settlement followed the logic already seen in the United States. Land grants and direct subsidies to railroads created an incentive to develop land; development required settlers; railroads thus imported bodies. As in the United States, this meant that
Canada imported whatever bodies were available at the moment, rather than the sturdy Britons of yore. Eastern Europeans and particularly Ukrainians settled the prairie grain belt. While immigrant diversity did not reach US levels, the same sort of cohesive “bloc settlements” emerged in specific locations (and survive to today, like the Albertan Doukhobor). Thus Saskatchewan and Manitoba had large German, Scandinavian, Dutch, and Ukrainian populations, and Alberta similarly had large Ukrainian and Russian populations. Until recently, all were more religiously diverse than the rest of Canada. Canada thus ended up more like the United States than either Australia or New Zealand, because the political economy around land was more like that in the United States.

New Zealand presents the model dominion case and so merits a few words. Permanent European settlement in New Zealand started as a set of planned “Wakefield” style settlements in which the quantity and quality of immigration would be tightly controlled and linked to land development (see also the discussion of Wakefieldism in MacDonald and O’Connor’s chapter). Edward Wakefield correctly assessed a central problem of social order in both the United Kingdom and the colonial Americas. Britain had too many people without land, who threatened to become an unstable rabble. The colonial Americas had too much land, which made it impossible for aristocratic or large landholders to find adequate cheap and servile labor. His solution was to export Britain’s surplus bodies to the colonies, but to prevent those bodies from acquiring land once there. The New Zealand Company created six settlements – all still among New Zealand’s 15 largest cities today – of groups of English and Scottish settlers replicating the existing British society.

Although Wakefieldism failed – apparently more lower- than upper-class people were willing to migrate to New Zealand and consort with sheep – immigrants helped pushed the European population to 1 million by 1900. But these migrants remained overwhelmingly non-Irish British, producing an unparalleled cultural homogeneity. As late as 1950, New Zealand had a spirited debate over whether it would be possible to assimilate 5,000 Dutch refugees. The resulting population was thoroughly loyal to the crown; unlike in Australia, no referendum bill on establishing a republic has ever passed
New Zealand also remained semi-sovereign much longer than the other Dominions, if we look at the core issues of lawyers, guns, and money. The Statute of Westminster was not adopted until 1947. Despite that Act, the British Parliament theoretically could legislate for New Zealand all the way up until the Constitution Act of 1986. That constitution was adopted in consequence of a domestic constitutional crisis rather than any positive effort to cut ties with Britain. Military forces were similarly limited to militias and coastal navies (authorized under the Colonial Navy Defence Act 1865). These coastal navies, and implicitly any future blue water forces, were subordinated to the Commonwealth Naval Force after 1901. Appeal to the Privy Council was not abolished until 2003. And the Colonial Office encouraged New Zealand to adopt a tariff structure favoring British producers. Relations with the Māori also showcase the constraints on local sovereignty. The Treaty of Waitangi of course created an explicit accommodation with the Māori. But similar treaties in north America did little to contain the westward rush of settlers. The Crown’s willingness to supply enough troops to displace the Māori set the real limit on the scale and speed of settler expansion. And the correlation of forces favored the Māori more than the Canadian Métis, given the distances involved.

The dominions thus entered the twentieth century with less diversity and less sovereignty than the United States. In effect, Britain had applied to the dominions the policy the United States government applied to its states and their peoples. In each case, subordinate states had autonomy over local issues and could use this autonomy to build out their local economies in competition with the other localities. Local autonomy and competition combined to deliver loyalty to and dependence on Britain. British investment in the dominions and the United States comprised 54 per cent of all British overseas investment in 1914, split 34 per cent and 20 per cent. These investments were the counterpart to a vast outflow of railroad equipment and shipping services from Britain to the Dominions. The interest payments on those investments were considerable. Net overseas property income rose from 7 to 21 per cent of all British property income, 1864 to 1913, paralleling the increased share of foreign assets in total assets from 12 to 33 per cent. So
a partial economic sovereignty paralleled the partial political sovereignty documented in the other chapters in this volume. And as Hatter and Weaver show, Anglo-American capital was fused right from the start.64

Second, the later and more extensive build out of the dominion economies meant that they ended up with a different kind of multiculturalism, a different sort of legal relationship to native societies, and the different language issues present in Canada and South Africa as compared with the United States. (However, the rising and geographically concentrated Spanish speaking population in the United States may create something akin to South Africa’s old Afrikaans/English divide.) As in the United Kingdom and the United States, the nature and timing of land development baked a different kind of multicultural population into the dominions from the start. The differences in the timing of land development and states’ varying ability and desire to control immigration means there cannot be one single Anglo-American pattern of multicultural policy, even though multiculturalism is endogenous to economic development in each society. The sequencing of development creates the pluralism noted in Katzenstein’s concluding chapter.

Conclusion

What about suburban Anglo-America in comparison to the world’s inner cities and working class slums? Relatively speaking – and it is always about relativities – the much larger weight of land development in the Anglo-Americas forms a significant part of the specific qualities that mark the differences between Anglo-American liberal market economies (LMEs) and the “European” coordinated market economies (CMEs) so central to the Varieties of Capitalism approach. Anglo-American economies are based on deep and liquid capital markets, mobile labor, and financialization of much economic activity. These factors stem from the deep history of the Anglo-Americas as a set of settler capitalisms. As a set of lands without people (mostly), settled by people without land (mostly), the expansion of production into empty lands allowed those who claimed land to create capital out of thin air. Production on top of the land that was otherwise
worthless could create capital gains for those holding that land. By shifting or enticing populations to move onto emptied lands, owners could create financial capital out of nothing by mortgaging the land. This made the second and third Anglo-American capitalism intrinsically about credit, not savings. By contrast, European or CME capitalism was based on savings out of an existing production structure, rather than the use of credit to anticipate new earnings. Savings could be recycled as bank credit to existing enterprises. The Anglo preference for equity finance similarly reflects an orientation towards future earnings and capital gains. The differences between LME Anglo-America and CME Europe, though, should not be read as privileging one over the other. Like modern suburbia and central cities, they are fundamentally dependent on each other. As the 2007-10 global financial crisis showed, CME Europe relied on LME

Land development and its associated multiculturalism continue to differentiate Anglo-America. While none of the Anglo-Americas has remained a purely agricultural economy, land development remains an important part of their economic growth and of their pension systems. Space prevents a full scale analysis of the relationship between pension plans and home ownership, but put simply, a system of private pensions creates long term liabilities (or assets, from the pensioner’s point of view) whose natural balance sheet counterpart is assets in the form of long term residential mortgages. And metaphorically speaking, people continue to move out of the denser areas of the global economy into Anglo-American suburbia, guaranteeing continual pressure to develop more housing.

Multicultural populations are thus endogenous to the Anglo-American economies, as each seeks to entice a constant flow of new bodies into their empty lands. The oldest version of the Anglo-Americas did this through slavery and indenture but now is being reshaped by the same kind of backwash of bodies from its formal empire that occurred after the absorption of Ireland. The second one did it through voluntary migration. The youngest version did it through assisted migration and continues to exert a higher degree of selectivity about in-migration. But all three end up having to deal with race and assimilation/multiculturalism in different degrees and mixtures as they match demand for
labor to sequential land booms. This also produces the kinds of external renegotiations
the other chapters describe. As a truly WASP elite gave way to a more variegated
bureaucratic and state elite in each country, real and manufactured warm feelings around
Anglo-Saxon cultural norms necessarily gave way to a different form of cooperation in
which, for example, the professional norms, practices, and training exercises in the
intelligence and military community that Bow and Santa Cruz describe produce a new
form of imagined community around organizational routines and shared enemies.
Similarly, Anglo-American firms, capital markets, and economies are interconnected in
ways that continental Europe is only beginning to approach.

Flows of capital and labor into empty land are one major material basis for the sense of
shared identity among the three Anglo-Americas. Negatively, they set the Anglo-
Americas off from other civilizations based on longstanding peasant settlement.
Positively, they create a set of shared practices around housing, economic development,
pensions, and state regulation of the market through frameworks permitting
experimentation rather than direct determination of outcomes. Considerable differences
also exist among the three Anglo-Americas analyzed here. These can be understood as
the consequence of differences in the onset of land development, and they have produced
different stews of immigrant populations and thus different flavors of multiculturalism.
All suburbs are not alike, but suburbs are intrinsically different from cities.
Notes

1 Thanks to Brian Balogh, James Bennett, Richard Bensel, Peter Katzenstein, Audie Klotz, Jeffrey Kopstein, Kees van der Pijl, and Srjdan Vucetic for comments and criticism. All errors remain mine.
2 Tocqueville 1904, 316.
3 Bennett 2007, 1-3.
4 I thank Brian Balogh for this point.
5 Weaver 2003; Belich 2009.
6 Schwartz 2009.
8 Slicher van Bath 1963.
11 Mann 1986.
12 Cain and Hopkins 2002; Brenner 2003.
13 O’Hearn 2001, 41
15 Belich 2009, 60.
16 Lebow 1979.
17 Pooley 1977.
18 Lustick 1993, 57-70.
19 Belich 2009.
20 Quoted in Balogh 2009, 3.
27 Cf. Emmanuel 1972, more generally on settler societies.
30 Jackson 1923.
31 Gates 1960, 52; Balogh 2009, 143.
32 Dewey 1915, 216-17.
33 Gates 1960, 53.
34 Balogh 2009, 191.
35 Schwartz 2009, 128.
37 Bodenhorn 2002, 262.
38 Quoted in Gates 1960, 57-8.
40 US Census 1790 and 1860.
41 Gunderson 1974, 922.
43 Ibid., 129.
45 Callendar 1902; Dunlavy 1991; Bensel 2000.
46 Dunlavy 1991, 12.
49 Phillips 1969.
51 Belich 2009, 466.
52 Zolberg 2006, 175-84.
55 Ibid., 98.
56 Ibid., 143.
57 Wells 1989.
58 Lloyd Prichard 1970, 106, 140.
59 Weaver 2003.
60 Schwartz 2009.
61 Naylor 1975.
63 Edelstein 1982, tables 2.5, 8.3.
64 Hatter 2010; Weaver 2003.