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Commercial Capitalism and Global History. A Debate on *A Brief History of Commercial Capitalism* by Jairus Banaji*

edited by

Lorenzo M. Bondioli, Paolo Tedesco, and Michele Campopiano

Commercial Capitalism and Global History

Jairus Banaji's *A Brief History of Commercial Capitalism* recenters the concept of «commercial capitalism» as a key heuristic to understand the operation of capital in the long period preceding the advent of industrial capitalism. Banaji's breathtaking sampling of case studies spanning the whole globe and over a millennium raises fundamental issues as to the present state of the debates on the formation of a world economy, the origins of capitalism, transitions to modernity, and economic «divergences». The papers collected in this Forum address, challenge, and expand Banaji's theoretical and historical arguments, each contributor critically engaging with *A Brief History's* methodology, questions, and conclusions from the vantage point of their own field and specialist expertise.

KEYWORDS: CAPITALISM; GLOBAL HISTORY; MERCHANTS; LABOR

Preface

Paolo Tedesco, Lorenzo Bondioli, Michele Campopiano

Jairus Banaji's *A Brief History of Commercial Capitalism* is a slim book of some 128 pages, but readers should not be misled by its brevity. Since its publication in 2020, *A Brief History* has attracted the attention of the broad and diverse community of specialists in the field of the history of capitalism. The book has received around a dozen reviews and discussions in leading academic journals¹; it has also gained

* J. Banaji, *A Brief History of Commercial Capitalism*, Haymarket, Chicago 2020.

¹ Lord Desai, «Economic History Review», 74, 2020, pp. 1207-8; Pete Green, «Capital & Class», 44, 2021, pp. 648-50; Henry Bernstein, «Journal of Peasant Studies», 48, 2021, pp. 901-7; James Parisot, «Science and Society», 85, 2021, pp. 527-35; Lorenzo Bondioli, «Occidentel/

a wider audience among non-academic readers thanks to the various essays in multiple languages that appeared on various online platforms, including *Jacobin*².

Banaji's analysis proves particularly engaging because of its two-pronged thrust: on the one hand, it demonstrates the importance of bringing history back into historical materialism; on the other hand, it pursues this goal by constantly challenging traditional Marxist approaches. To match the dazzlingly broad sweep of *A Brief History*, the editors have invited five scholars whose work is informed by different theoretical preoccupations and builds upon different source-bases to offer their reflections on the book: Lorenzo Bondioli (University of Cambridge and Harvard University), Martha C. Howell (Columbia University), Andrew B. Liu (University of Villanova), Priya Satia (Stanford University), and Sheetal Chhabria (Connecticut College). Their papers are preceded by an introductory note by Paolo Tedesco (University of Tübingen) and followed by a response by Jairus Banaji himself.

This collection should not be read as a review of Banaji's book, but, rather, as a series of connected, though at times contrasting, studies that use Banaji's historical analysis as a springboard to interrogate key issues lying at the heart of the current historiographical debate on the historical development of capitalism. The editors have not attempted to reconcile divergent views of Banaji's contribution, hoping that a certain degree of intellectual divergence will offer readers a richer and more diverse range of current approaches and future possibilities.

This volume is the fruit of cooperation between the contributors, the editors, their respective institutions, and the

Oriente», 2, 2021, pp. 221-37; Henry Heller, «Journal of Agrarian Change», 2022; Michele Campopiano, «Rivista Storica Italiana», 134, 2022, pp. 249-58.

² <https://jacobinmag.com/2022/04/marxism-middle-ages-medieval-antiquity-economic-theory-history-capitalism/>; <https://jacobinlat.com/2022/05/17/los-marxistas-y-la-edad-media/>; <https://jacobinitalia.it/il-medio-evo-secondo-i-marxisti/>; <https://www.rs21.org.uk/2021/02/21/review-of-jairus-banaji-a-brief-history-of-commercial-capitalism/>; <https://legalform.blog/2020/11/18/capital-before-large-scale-industry-jairus-banaji/>; https://marxandphilosophy.org.uk/reviews/18330_a-brief-history-of-commercial-capitalism-by-jairus-banaji-reviewed-by-morteza-samanpour/ (accessed 03 September 2022).

journal *Storica*. First and foremost, we would like to thank the contributors for the labor and care that they put into writing their wonderful essays. We are also deeply grateful to our home institutions, which variously supported our enterprise. In particular, Paolo Tedesco thanks the German Research Foundation (DFG) and the Department of Medieval History at the University of Tübingen (vigorously directed by Steffen Patzold), which provided a platform instrumental to the development and refinement of the ideas behind this special issue. Lorenzo Bondioli would like to thank the Italian Academy for Advanced Studies at Columbia University and Peterhouse College, University of Cambridge, which afforded the invaluable time and resources necessary to elaborate on the broader implications of his dissertation research. Michele Campopiano would like to thank the University of York for the support in this and related research projects. We want to single out Sandro Carrocci (University of Rome 2), senior editor of *Storica*, who demonstrated unwavering enthusiasm for our initiative, awaited the completion of this collection with patience, and helped to bring it to conclusion. Marco Carrara and Sabine Garber (University of Tübingen) generously contributed to the editing of the entire collection, which would not have achieved its present state without their work.

The hope of the contributors and editors is to intervene in the ongoing historical debate on capitalism, pointing out strengths and weaknesses of existing approaches, in the same spirit of Banaji's own lifelong work. The broader goal remains to set out fundamental theoretical and methodological issues to understand – and change – the contemporary world.

Jairus Banaji's Lineages of Commercial Capitalism*

Paolo Tedesco

Jairus Banaji's *A Brief History of Commercial Capitalism* is a bold attempt to offer a new characterization of capital operation within the global economy throughout the long period preceding the advent of industrial capitalism. The author's declared aim is to uncover the deep historical roots of capitalist development, and to excavate the theoretical implications of adopting such a *longue durée* perspective¹.

The book touches upon important theoretical debates, especially within the Marxist tradition; but perhaps more noticeably it engages with a wide range of historical works on commerce in the preindustrial world, roughly between the twelfth and the twentieth centuries.

Banaji's main objective is to re-center the concept of «commercial capitalism» as a key heuristic category for investigating the formation of the modern global economy. Yet somehow the book never formulates a rigid definition of what commercial capitalism is or is not. Nonetheless, considering Banaji's previous theoretical writings, we may take this category to mean a profit-driven economic system whereby merchants employ their capital not only to circulate commodities, but also to gain direct control over production and thus subordinate it to their interests².

Banaji's emphasis on merchant control over production is a frontal attack on the traditional Marxist dichotomy between

*I am extremely grateful to Lorenzo Bondioli for reading this introduction and offering his insightful thoughts.

¹ Jairus Banaji, *A Brief History of Commercial Capitalism*, Haymarket, Chicago 2020, p. 7.

² Id., *Theory as History: Essays on Modes of Production and Exploitation*, Brill, Leiden 2010, pp. 349-60.

the world of commerce (the «sphere of circulation») and that of production, a dichotomy that led Marxist economists and historians such as Maurice Dobb to discount commercial capitalism as a contradiction in terms³. As Banaji points out, it was largely historians working outside the Marxist tradition, or more freely engaging with it, who adopted this category. The most notable case is Fernand Braudel, who defined commercial capitalism as the most apt economic system to describe the nature of production and mercantile exchange in Europe and the Mediterranean between the fifteenth and the eighteenth centuries⁴.

Another distinguished example is Frédéric Mauro, who defined commercial capitalism as «a system in the hands of merchants», as opposed to traditional, straightforward trade, where management and profits of production remain in the hands of producers themselves. In Mauro's work, the transition towards an exchange-centered economic model is already evident across much of medieval Europe in the textile trade, with merchant control over production forming the heart of the system, even as the productive base remained in fact *les travailleurs*, that is, the textile artisans or craft workers⁵.

Banaji's reframing of commercial capitalism questions other entrenched narratives as well, including the vision of an economically regressive Middle Ages and the idea of a linear transition to modernity. His previous work on epochal transformations in Late Antiquity and early Islamic period had already moved in this direction, though in this latest publication these two historical phases remain somewhat at the margin of the discussion – one of the missing links that this special issue of «Storica» proposes to address⁶.

³ Maurice Dobb, *Studies in the Development of Capitalism*, International Publishers, New York 1946, p. 17; Id., *A Reply*, in *The Transition to Feudalism to Capitalism*, ed. Rodney Hilton, Verso, London 1976, p. 62.

⁴ Fernand Braudel, *The Mediterranean and the Mediterranean World in the Age of Philip II*, I, University of California Press, Berkeley 1972, pp. 443-4; *Civilization and Capitalism, 15th-18th century, II: The Wheels of Commerce*, University of California Press, Berkeley 1982, pp. 400-8.

⁵ Frédéric Mauro, *Pour une théorie du capitalisme commercial*, in «Vierteljahrsschrift für Sozial- und Wirtschaftsgeschichte», 42, 1955, pp. 117-21; Id., *L'expansion européenne (1600-1870)*, PUF, Paris 1964, p. 99, p. 325; Id., *Des produits et des hommes: Essais historiques latino-américains XVI^e-XX^e siècles*, La Haye, Mouton, Paris 1972, p. 21.

⁶ Jairus Banaji, *Agrarian Change in Late Antiquity: Gold, Labour and Aristocratic Dominance*, Oxford U.P., Oxford 2001; Id., *Theory as History*,

In short, the history of commercial capitalism as sketched by Banaji by means of a breath-taking sampling of illustrative cases from across the globe over nearly a millennium raises many issues concerning the present state of the debate on the history of global economy, the origins of capitalism, transitions to modernity, and economic «divergences».

1. *Jairus Banaji's Intellectual Trajectories*

Before looking in depth at *A Brief History of Commercial Capitalism*, as well as at its reception in the scholarly community in general, it is worth briefly retracing Banaji's intellectual trajectories over his extended career and across his prolific academic production.

Born in Bombay, schooled in England, then returned to India to be a political and social activist, Banaji is a historian of the late antique and medieval Mediterranean and Middle East whose interests also lie in the long history of capitalism. His work touches on a variety of topics, including the fate of peasantries in the context of a rapidly globalizing economy, and the history of the mercantile economy over the last millennium. The present book is the last in a series of volumes tackling these issues: *Agrarian Change in Late Antiquity* (2001), *Theory as History* (2010), and *Exploring the Economy of Late Antiquity* (2016). While Banaji writes from within the Marxist scholarly tradition, his key reference points in the Marxist galaxy differ from those of most Western Marxist historians. In particular, Banaji draws on the work of three Russian scholars from the early twentieth century, the historian Mikhail N. Pokrovsky (1868-1932), the economist Yevgeni A. Preobrazhensky (1886-1937), and the agrarian economist Alexander V. Chayanov (1888-1939).

Mikhail N. Pokrovsky was one of the most influential intellectuals in Soviet society in the 1920s. He enjoyed enormous, in fact unequalled, prestige among Soviet historians of his time. In a radical departure from what would become enshrined as the Marxist orthodox account under Stalin, Pokrovsky's interpretation of Russian history emphasized

the centrality of commercial capital as an agent of socio-economic change in seventeenth- to nineteenth-century Russia, though he explicitly stated that the existence/operation of commercial capital did not equate a capitalist economy⁷.

Yevgeni A. Preobrazhensky was a pioneering student of the consequences of the «lateral penetration» of industrial capital into the countryside⁸. Preobrazhensky, just as Pokrovsky before him, saw petty commodity production as typical of commercial capitalism, while also being one of the chief constraints on its further expansion. In line with Agrarian Marxists such as Lev N. Kritsman (1890-1938)⁹, Preobrazhensky thus saw capitalism as a force uprooting the peasantry, eventually bringing about its demise. This, he thought, happened on the one hand through the internal development of capitalist relations within the ranks of peasantry itself: the formation of a class of rich peasants controlling large-scale farming, and on the other hand, in a more sweeping and catastrophic fashion, through the external subordination of rural areas to large-scale industry (with the creation of a class of landless peasants working in large-scale cash-crop farming)¹⁰.

Alexander V. Chayanov was one of the major agrarian economists of his era¹¹. In his work *The Theory of Peas-*

⁷ Michael N. Pokrovsky, *History of Russia: From the Earliest Time to the Rise of Commercial Capitalism*, I-V, Moscow 1910-12 (transl. and eds. J.D. Clarkson and M.R.M. Griffith), International Publishers, New York 1931, p. 84, p. 357; John Barber, *Soviet Historians in Crisis, 1928-1932*, Holmes and Meier Publishers, New York 1981, p. 57, pp. 59-60; George M. Enteen, *The Soviet Scholar-Bureaucrat: M.N. Pokrovskii and the Society of Marxist Historians*, The Pennsylvania State U.P., University Park 1978, pp. 37-42.

⁸ Alec Nove, *Introduction*, Yevgeni Preobrazhensky, *The New Economics*, Moscow 1926 (transl. Brian Pearce), Oxford U.P., Oxford 1965, pp. VII-XVII, at p. VII.

⁹ Lev N. Kritsman, *Class Stratification of the Soviet Countryside*, in *Kritsman and the Agrarian Marxists*, eds. Terry Cox and Gary Littlejohn, Routledge, Oxford 2015 (or. ed. 1984), pp. 85-143.

¹⁰ Yevgeni A. Preobrazhensky, *The Preobrazhensky Papers. Archival Documents and Materials, I, 1886-1920*, transl. and eds. Richard B. Day, Mikhail M. Gorinov, Haymarket, Chicago 2015, pp. 569-91. For Preobrazhensky's position in the industrialization debate, see Richard B. Day, *The Crisis and the Crash: Soviet Studies of the West (1917-1939)*, Verso, London 1981, pp. 229-47; Sergio Bertolissi, *Preobrazhensky e l'industrializzazione sovietica*, in «Studi Storici», 17, 1976, pp. 181-92.

¹¹ Basil Kerblay, *A.V. Chayanov: Life, Career and Works*, in Alexander V. Chayanov, *The Theory of Peasant Economy*, eds. Daniel Thorner, Basil

ant Economy, Chayanov stressed the resilience of peasant households and their ability to adapt and withstand the onslaught of capitalism, in direct contrast to the Agrarian Marxists and Preobrazhensky. He argued that the development of capitalist tendencies and productive concentration in agriculture did not necessarily result in peasant dispossession and in the rise of large capitalist farms. Commercial and finance capital could equally exercise their control more subtly, establishing an economic hegemony over considerable sectors of agriculture, which all the while could remain much the same as before with regards to production: that is, composed of small-scale peasant family undertakings based on peasant family labor¹².

Banaji's work shows that these apparently incompatible models can in fact be reconciled, each describing different possible trajectories of capital penetration in the countryside. But they also reflect different phases of Banaji's intellectual pathway. In his earlier writings, Banaji embraces Preobrazhensky's idea of capital «lateral penetration» to show the destructive effect of industrialization on peasantry in late nineteenth/early twentieth-century Russia. In that context Preobrazhensky's model was useful as a term of comparison for Banaji's analysis of peasantries all over the world. In his subsequent studies, however, thanks to his renewed interest in the work of Chayanov, particularly the works later developed and expanded by Henry Bernstein, Banaji reconceives Preobrazhensky's reconstruction as only one of the possible ways for industrial capital to penetrate in the countryside. Chayanov's conceptualization of the relation between peasantry and capital therefore takes center stage as the primary source of inspiration for Banaji's *A Brief History*¹³. This reassessment of Chayanov's work leads Banaji to include in his model the historical circumstances in which peasant households withstood the penetration of capitalism. Resilience has to be understood in the sense that peasant households were not uprooted but «incorporated», an act which in turn al-

Kerblay, R.E.F. Smith, University of Wisconsin Press, Madison 1966, pp. XXVI-XXVII.

¹² Chayanov, *The Theory of Peasant Economy*, p. 49.

¹³ Henry Bernstein, *Notes on Capital and Peasantry*, in «Review of African Political Economy», 4, 1977, pp. 60-73, at pp. 63-4, p. 70; Id., *Class Dynamics of Agrarian Change*, Fernwood Publishing, Halifax 2010, p. 52.

lowed for conflict and resistance on their part; subordination implies that while they survived (i.e. continued to exist in vast numbers), their cycle of social reproduction was now largely and crucially shaped by capital¹⁴.

Banaji's even more ambitious objective in *A Brief History* is to connect Chayanov's model to Pokrovsky's notion of commercial capital so as to expand his analysis of the trajectories of capital accumulation to the world that precedes the advent of industrial capitalism and to nuance the distinction between «capitalist mode of production» and «capitalism» in its historical sense¹⁵.

2. Denaturalizing Capitalism

In *A Brief History*, contrary to his earlier works, Banaji is not as concerned with drawing a theoretical distinction between what Marx called «the capitalist mode of production», and non-capitalist modes of production¹⁶. Instead, in this work Banaji deals with capitalism in less normative terms, contending in particular that a kind of «commercial capitalism» existed long before industrialization in certain regions of the world, in a period ranging from the twelfth (or even earlier) to the eighteenth centuries.

Though Banaji does not offer a formal definition of commercial capitalism, we can capture its meaning by triangulating between the book and Banaji's previous theoretical writings.

Unlike Fernand Braudel, who recognizes capitalism as a global network of bankers and big merchants who presided over the economy of everyday-life from their urban financial centers while lacking any direct control over the primary

¹⁴ Jairus Banaji, *Merchant Capital, Peasant Households, and Industrial Accumulation: Integration of a Model*, in «Historical Materialism», 16, 2016, pp. 410-31, at p. 411.

¹⁵ Id., *A Brief History of Commercial Capitalism*, pp. 12-3, 99; Henry Bernstein, *A Brief History of Commercial Capitalism*, in «Journal of Peasant Studies», 48, 2021, pp. 901-4, at p. 901.

¹⁶ Banaji, *Exploring the Economy of Late Antiquity*; Paolo Tedesco, *Late Antiquity, Early Islam, and the Emergence of a Precocious Capitalism: A Review Essay*, in «Journal of European Economic History», 47, 2018, pp. 115-51, at p. 117.

producers¹⁷ – Banaji identifies the long history of capitalism by its characteristic social relations. Capitalism is a system in which the holders of capital have limited control of the means of production and then reduce labor to a factor within the production process: a simple commodity one buys and sells. The confrontation between a capitalist and a peasant or a craftsman – a person who survives by selling his/her labor – occupies the very center of his analysis.

Starting from this distinction, Banaji argues against the widespread Marxist view that mercantile wealth does not constitute Marxian «capital» since it remains external to the process of production. Since merchant wealth is, according to Marx, separated from what he called the real subsumption of labor to capital, it merely skimmed off the products of the primary producers and merchants made profits by selling them¹⁸.

Banaji claims in contrast that mercantile wealth consists of «capital» and that from the twelfth to the eighteenth century, merchants systematically used said capital to control and to exploit the labor of a significant part of population all over the Afro-Eurasian world. Banaji identifies two realms of production where the penetration of commercial capital reached to a greater extent. First, in the sector of cash-crop agriculture where «commercial capitalists» appropriated vast amounts of unpaid family labor through various expedients, hence inducing peasants into debt-relations¹⁹. Commercial capitalists were landowners who became merchants; sometimes, they were also merchants (including moneylenders) who became interested in controlling cash-crop estates. They formed a floating category, one that is historically very hard to pin down. Despite their differences, the productive base for most of the produce trades was a mixed labor force, as Banaji has shown in his examination of the small peasants

¹⁷ Fernand Braudel, *Afterthoughts on Material Civilization and Capitalism*, John Hopkins U.P., Baltimore 1977, p. 5.

¹⁸ Maurice Dobb, *Studies in the Development of Capitalism*, pp. 119-22; Robert Brenner, *Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, in «Past and Present», 70, 1976, pp. 30-74; Eric Wolf, *Europe and the People without History*, p. 79. See Andrew B. Liu, *Production, Circulation, and Accumulation: The Historiographies of Capitalism in China and South Asia*, in «Journal of Asian Studies», 78, 2019, pp. 767-88; Id., *Levels of Abstractions*, in this volume.

¹⁹ Banaji, *Theory as History*, pp. 117-30.

of Deccan in the late nineteenth century²⁰, and as Lorenzo Bondioli has also recently demonstrated in his empirical study of the eleventh-century Egyptian peasants recorded in the Geniza archive²¹. The second sector is craft production or «merchant manufacturing», as Banaji calls it. There, merchants forced the rural and urban poor to process silk, wool, and cotton for the market, therefore not merely selling their surplus but working on «a cottage-based piece rate»²².

In *A Brief History*, Banaji scrutinizes the «trajectories of accumulation» leading from commercial to industrial capitalism. Whereas merchant capitalists prize open agriculture (along with mining, the exploitation of marine resources etc.) to capitalist exploitation, industrial capitalists carry that process to a wholly different level. The sheer scale of subordination, the nature of its impact and the degree of subsumption, all distinguish industrial accumulation's subjugation of the countryside from the earlier cycles of «capitalism»²³.

Not only does Banaji see a rapid intensification in the mechanisms of exploitation under industrial capitalism, but he also notices a radical shift in the repartition of profit shares between merchants and industrialists to the benefit of the latter. Thus, in the late nineteenth century the economic actors directly controlling production succeeded in marginalizing the merchants, achieving the subordination of commercial capital to industrial capital described by Marx. This seems to be the clue to an enduring separation in Banaji's view between the era of commercial capitalism and that of industrial capitalism, an era fully deserving of the label of a capitalist mode of production. However, these trajectories from commercial to industrial capitalism not only were multilinear in time and space, but they were neither contingent nor irreversible, as recent trends of the contemporary economy clearly demonstrate. The global retailers operating on the world market nowadays control manufacturing through the flows of commercial capital without owing the means of production. Therefore, «retail he-

²⁰ *Ibid.*, pp. 301-10.

²¹ Lorenzo Bondioli, *Peasants, Merchants, and Caliphs: Capital and Empire in Fatimid Egypt*, PhD thesis, Princeton University 2021.

²² Banaji, *A Brief History of Commercial Capitalism*, p. 110; Amiya Kumar Bagchi, *Merchants and Colonialism*, Oxford U.P., Calcutta 2019, pp. 19-20.

²³ Banaji, *Merchant Capital, Peasant Households*, p. 423.

gemony in the twenty-first century», in the words of Nelson Lichtenstein, «echoes, even replicates, features of the mercantile regime once presided over by the great seventeenth- and eighteenth-century merchants and banking houses of Amsterdam, Hamburg, and the city of London». In short, a sort of Braudelian entrepreneur has «returned to undergird the contemporary global system»²⁴.

Banaji's exposition of «commercial capitalism» is therefore able to accommodate several levels and varying degrees of integration between production and circulation, pointing to the driving force of capital as a common denominator cutting across different configurations. The resulting model of commercial capitalism is thus one of uneven and combined development, which, rejecting the notion of a linear succession between different modes of production, rescues the histories of capitalism from Eurocentrism and Orientalism alike²⁵.

Yet, there remain several questions about the theoretical nature and historical vicissitudes of «commercial capitalism», as highlighted by the contributors to this collection. It is to their arguments that I now turn.

3. *Dissecting A Brief History*

While each author voiced different concerns about different aspects of Banaji's vision of capitalism, some observations cut across the whole collection, clustering around three broad themes: (1) the definition of commercial capitalism; (2) the relation between the rise of commercial capitalism and the state; (3) the impact of commercial capitalism and colonialism on social life.

The first criticism arises from Banaji's loose definition of commercial capitalism. Lorenzo Bondioli notes that the infrastructures of commercial capitalism Banaji has identified as first appearing in the ninth century CE all have deeper roots than *A Brief History* suggests. Their foundations were laid in the late antique period (occasionally with roots going

²⁴ Nelson Lichtenstein, *The Return of Merchant Capitalism*, in «International Labor and Working Class History», 81, 2012, pp. 8-27, at pp. 9-10.

²⁵ Banaji, *A Brief History of Commercial Capitalism*, p. 3.

back to antiquity) and they continued to operate without any dramatic discontinuities into the Middle Ages²⁶. Nonetheless, Bondioli agrees that the period 800-1100 represented a watershed, deserving the label of a Commercial Revolution unfolding in key areas of Afro-Eurasia, and particularly across the Abbasid Caliphate, the late Tang Empire, and their successor states. Yet this must be seen more as a moment of accelerated diffusion, consolidation and transformation than as the genesis of commercial capitalism proper²⁷. Starting from this observation, Bondioli isolates three possible definitions of capitalism, and tries to outline their non-teleological relationship: first, the capitalism of capitalist merchants who deployed monetary wealth as capital by extracting surplus value from variously subordinated producers; second, the capitalism of colonial mercantile states that put organized violence in service of capitalist merchants' accumulation; third, the capitalism of modern industrial capitalist society, that is, of a fully-fledged capitalist mode of production²⁸.

State intervention in the world economy is the second criterion Banaji deploys in his analysis of commercial capitalism. Banaji sees in the «collusion between commerce and state» (that is, in the rise of mercantilist states in late medieval and early modern Europe) the moment of a significant shift in the process of capital accumulation and labor subordination. Bondioli claims that this seems to imply that for Banaji the state played a transformative role in the shift from a «capitalist regime of accumulation» to the emergence of a «capitalist society». Yet «collusion» per se, and particularly merchants' involvement in state finances, can be observed in many historical contexts, which suggests that it was not the mere presence of a state colluding with merchants that determined an acceleration in the scale of capital accumulation; it was rather the increasingly systematic support that some states offered to merchant companies in securing the exploitation of the primary producers in the «colonies» that made the difference between the various cycles of commercial capitalism.

²⁶ Banaji, *Agrarian Change in Late Antiquity*, pp. 220-1; Id., *Exploring the Economy of Late Antiquity*, pp. 19-27; Tedesco, *Late Antiquity, Early Islam, and the Emergence of a Precocious Capitalism*, pp. 117-9.

²⁷ Lorenzo Bondioli, *A Longer History of Commercial Capitalism*, in this volume.

²⁸ *Ibid.*

Martha C. Howell tackles the question from a different, though not incompatible, angle, suggesting that the «collusion between commerce and state» began not when states sought control of commerce, as Banaji claims, but when merchants themselves found a way to use the state to gain such control. This shift occurred in western Europe when private property rights were secured by a state able to enforce such rights through laws. State contracts were a chief manifestation of this process: they were an instrument through which states joined with merchant-entrepreneurs to reap the rewards of organizing production, and these arrangements in turn pushed merchants to shift resources from trade to production. Until that moment, European merchants had operated according to a different logic, and even when they had invested directly in production (in any case a rare event) they had done so in order to advance their ability to «buy low and sell high»²⁹.

However, state contracts were not arrangements unique to Europe. Andrew B. Liu describes Chinese merchants from Shanxi, Huizhou, and Guangdong supplying the imperial army with foodstuffs under the Ming (1368-1644) and Qing (1644-1911) dynasties, in exchange for vouchers to sell salt from the government's monopoly. These merchant groups expanded their exchange networks enormously: they also intervened in commodity production by employing various combinations of waged, independent, and unfree workers, depending on expediency. These producers exhibited in turn various degrees of subordination to capital based on the level of penetration of commercial capital (that is, the level of subsumption), rather than on the levels of state support for these commercial activities³⁰.

Thus, neither involvement in state finances nor state contract alone seems to be sufficient to explain why merchants would have shifted resources into production. Priya Satya underlines two additional, interrelated factors that help us understand what kinds of state-merchant relation marked a

²⁹ Martha C. Howell, *Commercial Capitalism in Northern Europe*, in this volume.

³⁰ Andrew B. Liu, *Levels of Abstractions*, in this volume. On the flexibility of the putting-out system in China, see also Timothy Brook, *The Confusions of Pleasure: Commerce and Culture in Ming China*, University of California Press, Berkeley 1998, p. 199.

true watershed in the scale of capital accumulation and labor subordination. First, she reminds us that in modern Europe great merchants and industrialists were the primary exchange partners of the state: this was because they «preferred the state as a debtor over risking capital in commercial ventures» given the high risk of default and the prospect of political advantage and commercial privileges³¹. Second, Satya points out that gunmakers in particular preferred lending to the state over lending to private traders. This specific circumstance demonstrates why it was not just any kind of state (such as the Muslim tributary states or Chinese dynasties) that determined a shift in the scale of capital accumulation and labor subordination but it was only the state serving as an exporter of aggression and violence that controlled such a shift. This insight also recenters the key link between commercial capitalism and colonialism, stressing that it was colonial violence that brought about a change in the quality and functioning of commercial capital³².

With this we move to the third item of contention emerging from Banaji's account: the relationship between commercial capitalism and colonialism. As Satya perceptively observes, Banaji does not explain the differences between a «colony» of merchants living abroad and merchants operating as exploitative and expropriating «colonizers». But this distinction matters, as it allows us to diagnose the point at which commercial capitalism intersected with colonialism and started to depend on racialization³³. This lack also points in the direction of a broader criticism: in his analysis of the relations of production, Banaji does not always make clear how commercial capitalism violently impacted and remade the social life of people subordinated to it³⁴.

In other words, we are left to wonder to what extent «commercial capitalism» as Banaji describes it fundamentally transformed, or did not transform, the modes of social life in

³¹ Priya Satia, *Empire of Guns: The Violent Making of the Industrial Revolution*, Stanford U.P., Stanford 2019, p. 173, p. 194.

³² Ead., *The Enduring Condescension*, in this volume; Ead., *Time's Monster: History, Conscience and Britain Empire*, Penguin, London 2020, pp. 161-74.

³³ Ead., *The Enduring Condescension*, in this volume; Bagchi, *Merchants and Colonialism*, pp. 22-5.

³⁴ Satia, *Time's Monster*, pp. 278-9.

different places and at different times³⁵. This question could open up a number of promising research avenues. On the one hand, this is a question about the merchant capitalists themselves: here works such as Francesca Trivellato's research on Jewish merchants show the way forward, demonstrating how the «negative group stereotypes» about the Jews among early modern trading communities caused «Jewish separatism» and, at the same time, shaped their economic strategies³⁶. At the opposite end of the social spectrum sits the pioneering work of Cedric Robinson on the making of «racial capitalism» in the United States from the second half of the nineteenth century onwards. In his studies Robinson scrutinizes the racialization of the oppressed, that is, how ideologies of racial difference permeated the social structures of an emergent capitalism since its inception, and the intimate connection between this development and early modern colonialism³⁷. Robinson's work has been refined and enhanced by Dipesh Chakrabarty, Lisa Lowe, Elizabeth Esch and David Roediger who have demonstrated «that capitalism not only encountered but also sought, exploited, needed, and created difference»³⁸. As Satia remarks, no history of capitalism can be written without taking into account the intersection of different mechanisms of oppression such as race, gender, ethnicity and national origin in addition to social class. These offer a richer picture of how «separate levels of oppression» changed the life of ordinary people under capitalism³⁹.

In the final essay of this collection, Sheetal Chhabria goes precisely in this direction with reference to colonial and

³⁵ James Parisot, *Money, Commerce and the History of Capitalism*, in «Science & Society», 85, 2021, pp. 527-35, at p. 533.

³⁶ Francesca Trivellato, *The Promise and Peril of Credit: What a Forgotten Legend about Jews and Finance Tells Us about the Making of European Commercial Society*, Princeton U.P., Princeton 2019, pp. 6-7, pp. 10-4, 225-6.

³⁷ Cedric Robinson, *Black Marxism: The Making of the Black Radical Tradition*, Penguin, London 2021 (or. ed. 1983), p. 2.

³⁸ Dipesh Chakrabarty, *Universalism and Belonging in the Logic of Capital*, in «Public Culture», 12, 2000, pp. 653-78; Lisa Lowe, *Immigrant Acts: On Asian American Cultural Politics*, Duke U.P., Chapel Hill 1996, p. 28; Elizabeth Esch, David Roediger, «One Symptom of Originality: Race and the Management of Labor in US history», in «Historical Materialism», 17, 2009, pp. 3-43; David Roediger, *Race, Class, and Marxism*, Verso, London 2017, p. 26 for the quote.

³⁹ Satia, *The Enduring Condescension*, in this volume.

post-colonial India. Her article builds upon the implications of Banaji's analysis in terms of the violence of capitalist relations in conditions of debt bondage⁴⁰. Such relations, often tied to nomadism and footloose labor, were all but invisible and impenetrable to nineteenth-century observers who bought into the mystifications of free labor and the language of capitalists. Western Indian laborers migrated cyclically, often seasonally, willing to go anywhere in the hopes of a livelihood. Many seasonal migrants worked for wages so low that their debt carried through generations, giving birth to already indebted children⁴¹. Through this example Chhabria signals the need to analytically disentangle race from class, or caste from class, in order to see how bondage manifests in specific situations of capitalist exploitation, and how racial or caste identity is perpetuated⁴².

4. Endings

A Brief History proposed to reopen a debate on commercial capitalism. This issue headed the call, addressing Banaji's theoretical and historical arguments and pointing to new challenges and future avenues of research. Banaji remains as elusive and as fascinating as ever, because there are many Banajis to appreciate and (why not?) to criticize. The contributors of this collection proposed different chronologies, re-oriented the attention to topics such as gender, ethnicity and race, and ultimately questioned the mechanisms of social change along with the mentalities behind them. In offering a (far from exhaustive) survey of the issues they raised, I refrained from attempting to resolve disagreements that are both legitimate and productive. It is only by cultivating these conversations that we can hope to advance our understanding of the history of capitalism, a topic as scholarly captivating as it remains politically urgent.

⁴⁰ Banaji, *Theory as History*, pp. 131-54, pp. 277-332.

⁴¹ Jan Breman, *Footloose Labour: Working in India's Informal Economy*, Cambridge U.P., Cambridge 1996, pp. 84-8, pp. 222-30; Sheetal Chhabria, *Making the Modern Slum: The Power of Capital in Colonial Bombay*, University of Washington Press, Seattle 2019, pp. 9-13, p. 62.

⁴² Ead., *The Violence of Capitalist Relations*, in this volume.

Towards a Longer History of Commercial Capital*

Lorenzo Bondioli

Jairus Banaji's *A Brief History of Commercial Capitalism* is a welcome and much-awaited contribution to the renewed debate on the origins, present, and future of capitalism¹. The 2007-8 financial crisis, the ensuing global recession, the ever-more alarming pace of catastrophic human-induced climate change, and the myriad global eruptions of resistance and contestation have all converged to create an atmosphere in which both the inevitability of capitalism and its overall assessment as a whatever-the-cost positive force are once more being called into question.

The historiographical response to this historic conjuncture includes the rise of the New History of Capitalism, the reclaiming of «political economy» by social historians, and much besides, including a renewed interest in Marxist approaches to capitalism². Within this latter trend, Banaji's work stands out for its originality. While unapologetically drawing upon the Marxist tradition, Banaji recasts it creatively, taking aim at overly formalistic and doctrinarian approaches and reopening long-foreclosed avenues. In particular, Banaji aims to reactivate two intellectual strands severed

* This piece is part of years of conversation with Ilya Afanasyev and Nicholas M. Matheou, without whom it could not have been conceived.

¹ Jairus Banaji, *A Brief History of Commercial Capitalism*, Haymarket, Chicago 2020.

² Sven Beckert, *Empire of Cotton: A Global History*, Alfred A. Knopf, New York 2014; Seth Rockman, *What Makes the History of Capitalism Newsworthy?*, in «Journal of the Early Republic», 34, 2014, pp. 439-66; *Capitalisms: Towards a Global History*, eds. Kaveh Yazdani and Dilip M. Menon, Oxford U.P., New Delhi 2020.

by the Stalinist purges: the investigation of commercial or merchant capital suppressed along with the works of Mikhail Pokrovsky, and the analysis of peasant production cut short together with the life of Alexander Chayanov³. While the latter was rediscovered already in the 1960s and redeployed to lay the foundations of Peasant Studies, commercial capital (and the connected concept of commercial capitalism) remained an undertheorized category with dangerously unorthodox connotations among Cold War Era Marxists⁴. It was rather historians less normatively influenced by Marxism, or outside it altogether, who investigated its manifold history. Banaji's attempt to formulate a theory of commercial capitalism in dialogue with the existing historiography therefore summons a broad range of scholars ranging from post-war *annaliste* Fernand Braudel to contemporary historian of the «Great Divergence» Roy Bin Wong, weaving together disparate studies in an extremely rich tapestry.

Since the other contributions focus on the modern, European, and colonial aspects of the book's narrative arch, I will focus on the convergences between Banaji's theorization and the premodern past «before European hegemony», to echo the title of Janet Abu-Lughod's groundbreaking monograph⁵. I will draw in particular from the medieval Islamic and late antique contexts, which both figure prominently in Banaji's previous works⁶, but which remain somewhat relegated to the background in *A Brief History*⁷.

³ Alexander V. Chayanov, *The Theory of Peasant Economy*, eds. Daniel Thorner, Basile Kerblay, and Robert E.F. Smith, R.D. Irwin, Homewood 1966; Jairus Banaji, *Merchant Capitalism, Peasant Households and Industrial Accumulation: Integration of a Model*, in «Journal of Agrarian Change», 16, 2016, pp. 410-31. See Paolo Tedesco's contribution in this volume.

⁴ Ben White et al., *Forum: Fifty Years of Debate on Peasantries, 1966-2016*, in «The Journal of Peasant Studies», 45, 2018, pp. 689-714.

⁵ Janet L. Abu-Lughod, *Before European Hegemony: The World System A.D. 1250-1350*, Oxford U.P., New York-Oxford 1989.

⁶ Jairus Banaji, *Agrarian Change in Late Antiquity: Gold, Labour, and Aristocratic Dominance*, Oxford U.P., New York 2007; Id., *Theory as History: Essays on Modes of Production and Exploitation*, Brill, Boston 2010; Id., *Exploring the Economy of Late Antiquity: Selected Essays*, Cambridge U.P., Cambridge 2016.

⁷ For a clarifying synthesis of Banaji's positions, see Paolo Tedesco, *Late Antiquity, Early Islam, and the Emergence of a Precocious Capitalism. A Review Essay*, in «The Journal of European Economic History», 47, 2018, pp. 115-51.

These less conventional settings, more rarely explored by historians of capitalism, help us test both the limits and potentialities of Banaji's model and to get to the core of the problem: the coexistence in the book, and in the broader scholarship, of conflicting definitions of capitalism. In the conclusions, I will attempt to outline three different but perhaps not incompatible definitions, drawing a distinction between capital accumulation, capitalism as a logic of state power, and capitalism as a mode of production.

1. *Commercial Capitalism and Circulation*

Banaji's commercial capitalism rests on three key «infra-structures» allowing for the circulation of commercial capital: trading colonies, wholesale markets, and bills of exchange.

Banaji's conception of trading colonies is capacious, accommodating wildly different groups of merchants linked by various identity mechanisms, from «Muslim» merchants in eight-century Guangzhou, through «Italian» merchants in fifteenth-century Lisbon, to «Greek» bankers and financiers in nineteenth-century London. This sweeping survey makes a convincing case for the historical recurrence of commercial diasporas, though the nature of the identity mechanisms binding them together perhaps deserves closer interrogation, as markedly distinct modes of confessionalization, ethnicization, and racialization obtained in different regions and periods.

Perhaps more importantly, such a broad definition fits many historical examples earlier than those presented in the book, from the Sogdian merchants of late antique Central Asia to the Phoenician traders of the ancient Mediterranean, alerting us to the much longer history of commercial diasporas⁸. Banaji's choice to start his narrative from the seventh century might nonetheless find justification in the great expansion of Islamicate commercial diasporas across Afro-Eurasia, from West Africa to the South China Sea,

⁸ Philip D. Curtin, *Cross-Cultural Trade in World History*, Cambridge U.P., New York 1984; Jerry H. Bentley, *Old World Encounters: Cross-Cultural Contacts and Exchanges in Pre-Modern Times*, Oxford U.P., New York-Oxford 1993.

starting from that period – a first hint of the role played by Islamicate merchants in bringing together the sort of world markets on which Banaji's commercial capitalism feeds⁹.

Another problem is that such a broad definition of «trading colonies» risks obfuscating the crucial distinction between those commercial diasporas that enjoyed the support of a «home» state, with all the latent violence that such support entails, and those that did not¹⁰. Venetian merchants in the medieval and early modern Levant did; «Muslim» (Hui) merchants in eighth-century Tang Southern China did not. We encounter here a theme that runs throughout the book, but that is more explicit at certain times than others: the nature of the complex relationship between merchants and states.

The second key infrastructure of Banaji's commercial capitalism is bills of exchange. Following Marx, Banaji treats bills of exchange primarily as credit instruments allowing for the cashless transfer of money over long distances – a lubricant in the money market reducing capital turnover times beyond the limits imposed by the circulation of physical specie. Such bills supported Venice's Levant trade already in the fourteenth century, Atlantic colonial plantation slavery in the eighteenth, and Britain's colonial trade with India in the nineteenth. They not only facilitated trade, but also lent themselves to speculation on currency exchange rates, generating secondary financial markets¹¹.

But while the financialization of bills is a mostly Western European story, cashless payment instruments long predated Venice's Levant trade. Bills of credit were already known in Antiquity. Their great proliferation across the Mediterranean and Indian Ocean dates to the early Islamic era, seventh-tenth centuries CE. One of the earliest surviving Arabic commercial letters (late seventh century) already references

⁹ Marshall G.S. Hodgson, *The Role of Islam in World History*, in «International Journal of Middle East Studies», 1, 1970, pp. 99-123.

¹⁰ Frederic C. Lane, *Profits from Power: Readings in Protection Rent and Violence-Controlling Enterprises*, State University of New York Press, Albany 1979.

¹¹ Francesca Trivellato, *The Promise and Peril of Credit: What a Forgotten Legend about Jews and Finance Tells Us about the Making of European Commercial Society*, Princeton U.P., Princeton 2019.

bills circulating between Tunisia and Egypt¹². In the early tenth century, merchant-financiers in the service of the Abbasid court in Baghdad employed bills of credit to remit to the caliphal treasury the revenue of whole provinces¹³. A few decades later, the traveler and geographer Ibn Ḥawqal reported having seen in the Saharan emporium of Awdaghost (in modern-day Mauritania) a bill of credit for the fantastic amount of 42,000 gold *dīnārs*, equivalent to some 180 kilograms of gold¹⁴. The eleventh-century letters of the Cairo Geniza make frequent reference to both merchants and state bureaus routinely accepting bills of credit for hundreds of gold *dīnārs*¹⁵. One could also easily point to similar developments in medieval South and East Asia¹⁶. If, therefore, bills of credit are a key infrastructure of commercial capitalism, here, too, we are looking at a longer and less European story – one in which, again, the early Islamic centuries played a fundamental (if understudied) role¹⁷.

The third and last infrastructure of commercial capitalism is wholesale markets, of which Banaji produces a dazzling array of examples from the eleventh-century flax market of Būṣīr in Egypt, through the eighteenth-century coffee market of Bayt al-Faqīh in Yemen, to the nineteenth-century cotton market of Alexandria. The common denominators are specialization, concentration, and global reach: large amounts of commodities meant for distant consumer markets. We are reminded of the difference Braudel drew between a high level of capitalist exchange, dominat-

¹² Yūsuf Rāgīb, *La plus ancienne lettre arabe de marchand*, in *Documents de l'islam médiéval. Nouvelles perspectives de recherche*, ed. Yūsuf Rāgīb, Institut français d'archéologie orientale, Cairo 1991, pp. 2-9.

¹³ Makoto Shimizu, *Les finances publiques de l'Etat 'abbāside*, in «Der Islam», 42, 1965, pp. 1-24.

¹⁴ Nehemia Levtzion, *Ibn-Ḥawqal, the Cheque, and Awdaghost*, in «The Journal of African History», 9, 1968, pp. 223-33.

¹⁵ Shelomo D. Goitein, *A Mediterranean Society: The Jewish Communities of the Arab World as Portrayed in the Documents of the Cairo Geniza*, 6 vols., University of California Press, Berkeley 1967-93, vol. 1, pp. 229-65.

¹⁶ Brijkishore Bhargava, *Indigenous Banking in Ancient and Medieval India*, D.B. Tarporevala Sons and Co., Bombay 1935, pp. 129-52; Amino Yoshihiko, *Rethinking Japanese History*, Center for Japanese Studies, the University of Michigan, Ann Arbor 2012, pp. 145-70.

¹⁷ Jairus Banaji, *Islam, the Mediterranean and the Rise of Capitalism*, in «Historical Materialism», 15, 2007, pp. 47-74.

ed by great merchants and financiers active in long-distance trade, and a lower level of market exchange dominated by brokers and peddlers¹⁸. The underlying question seems to be: what type of market could support the reproduction of commercial capital under pre-industrial conditions? Wholesale markets entail investment in transportation, intelligence of price differentials, adeptness at navigating different currencies, all factors making the mediating role of merchants – or better, of merchant capitalists – essential. Yet quantitative thresholds are intrinsically arbitrary: just how big and how distant qualifies as wholesale?

Banaji's model encourages us to go beyond the Braudelian distinction, highlighting the interdependency of the different levels of circulation and following their deep roots in the sphere of production. Bracketing questions of scale and distance, we can then focus on the social relations of production underpinning circulation – the commodity-producing labor sustaining commerce. Could we say that a wholesale market obtains whenever commodity producers consistently labor in the service of merchant capitalists? If this is the case, I might propose capital-driven markets as a perhaps more apt label.

In this case as in the previous ones, we must admit that markets fitting all the above definitions existed well outside the chronological boundaries of the book¹⁹. The earliest cases referenced by Banaji date from the first Islamic centuries. Indeed, capital-driven markets for flax, cotton, sugar, silk, and much besides existed across the caliphal ecumene. Their great proliferation represents a crucial historical development, though one that built upon enduring late antique Roman and Sasanian legacies in the Mediterranean and in South-West Asia. Parallel developments in contemporary China in the Tang-Song transition equally find precedents in the Han period²⁰. In certain areas of Afro-Eurasia, one could draw even longer lineages. Yet perhaps we can point to the early Middle Ages, and specifically to the period starting from the

¹⁸ Fernand Braudel, *Civilisation matérielle, économie et capitalisme: XV^e-XVIII^e siècle*, 3 vols., A. Colin, Paris 1967-79.

¹⁹ Bas van Bavel, *New Perspectives on Factor Markets and Ancient Middle Eastern Economies: A Survey*, in «Journal of the Economic and Social History of the Orient», 57, 2014, pp. 145-72.

²⁰ Richard Von Glahn, *An Economic History of China: From Antiquity to the Nineteenth Century*, Cambridge U.P., Cambridge 2016, pp. 208-54.

ninth century, as witnessing a dramatic change in the scale, density, and reach of capital-driven markets²¹. Some cases in point: the boom of cotton cultivation in Iran²²; of flax cultivation in Egypt²³; of sugar planting in Syria²⁴. As for the connection between Islamic capital-driven markets and similar developments in East Asia, one only has to point at the over 70,000 pieces of Chinese ceramics recovered from the wreck of an Arabian *dhow* that sank off the shores of Belitung Island, modern-day Indonesia, around 830 CE²⁵.

In sum, the first three infrastructures of commercial capitalism identified by Banaji all have deeper roots than *A Brief History* leads us to believe. At the same time, there are reasons to point at their diffusion, consolidation, and transformation in the period 800-1100 in key areas of Afro-Eurasia, and in particular across the Abbasid Caliphate, the late Tang Empire, and their successor states. Within these imperial and post-imperial spaces, structures laid in the late antique periods (occasionally with roots going back to antiquity) continued to operate without dramatic discontinuities such as those that took place, conversely, in Western Europe (and perhaps on the Indian Subcontinent). Under the aegis of the increasingly heavily monetized tax states of the post-Abbasid and post-Tang era, capital-drive markets proliferated, with bills of credit and commercial diasporas ensuring unprecedented levels of interconnectedness across long distances.

²¹ Bas van Bavel, Michele Campopiano, and Jessica Dijkman, *Factor Markets in Early Islamic Iraq, c. 600-1100 AD*, in «Journal of the Economic and Social History of the Orient», 57, 2014, pp. 262-89.

²² Richard W. Bulliet, *Cotton, Climate, and Camels in Early Islamic Iran: A Moment in World History*, Columbia U.P., New York 2009.

²³ Moshe Gil, *The Flax Trade in the Mediterranean in the Eleventh Century A.D. as Seen in Merchants' Letters from the Cairo Geniza*, in «Journal of Near Eastern Studies», 63, 2004, pp. 81-96; Jessica Goldberg, *Trade and Institutions in the Medieval Mediterranean: The Geniza Merchants and Their Business World*, Cambridge U.P., New York 2012.

²⁴ Mohamed Ouerfelli, *Le sucre. Production, commercialisation et usages dans la Méditerranée médiévale*, Brill, Boston 2008.

²⁵ Derek Heng, *The Tang Shipwreck and The Nature of China's Maritime Trade during the Late Tang Period*, in *The Tang Shipwreck: Art and Exchange in the 9th Century*, eds. Alan Chong and Stephen A. Murphy, National Heritage Board, Singapore 2017, pp. 142-59; Janice Stargardt, *Indian Ocean Trade in the Ninth and Tenth Centuries: Demand, Distance, and Profit*, in «South Asian Studies», 30, 2014, pp. 35-55.

Overall, we can postulate an increased rate, scale, and reach of commercial capital accumulation in core areas of North Africa, West Asia, and East Asia starting from the ninth century, heralding an Afro-Eurasian Commercial Revolution that eventually engulfed Western Europe as well, but which (contrary to an enduring consensus) did not originate there²⁶.

2. Commercial Capitalism and Production

Commercial diasporas, bills of credit, and capital-driven markets all still lie within what Marx called the sphere of circulation, in which he believed commercial capital to be «forever penned»²⁷. Banaji's commercial capitalism, conversely, pushes the boundaries of Marx's theorization, penetrating the sphere of production by marshaling productive labor without necessarily seizing the means of production, and without necessarily relying upon proletarian wage laborers. This strand of Banaji's thought goes back to his contribution to the debate that in the 1970s animated Indian Marxists grappling with the development of capitalism in the Subcontinent. Against a Marxist orthodoxy that saw a strict correspondence between capitalism and wage labor, Banaji argued that peasant households could be subjugated by credit to the imperative of commodity production for capitalist accumulation²⁸. His subsequent work stressed the great variety of labor regimes upon which capital accumulation rested historically, including slavery²⁹. Beyond

²⁶ Lorenzo Bondioli, *The Missing Revolution: Medieval Islamic Economic History in the Cold War Era*, unpublished working paper presented at the Italian Academy for Advanced Studies in America, 2021. <https://italianacademy.columbia.edu/sites/default/files/content/Bondioli%20Italian%20Academy%20Abstract.pdf> (accessed 2 October 2021); Philippe Beaujard, *Les mondes de l'océan Indien. Tome 2: l'océan Indien, au cœur des globalisations de l'Ancien Monde (7^e-15^e siècle)*, Armand Colin, Paris 2012; Roberto S. Lopez, *The Commercial Revolution of the Middle Ages, 950-1350*, Prentice-Hall, Englewood Cliffs 1971.

²⁷ Karl Marx, *Capital: A Critique of Political Economy*, vol. 3, trans. David Fernbach, Penguin, London 1991, p. 386.

²⁸ Jairus Banaji, *Capitalist Domination and the Small Peasantry: Deccan Districts in the Late Nineteenth Century*, in «Economic and Political Weekly», 12.33-34, 1977, pp. 1375-404.

²⁹ Id., *Theory as History*, pp. 67-71.

the infrastructures of circulation, we therefore find the infrastructures of commercial capitalist production. Not the factory, the industrialist, and the proletarian worker, but the village, the moneylender, and the peasant household; the home, the putter-out, and the semi-proletarian family; the plantation, the planter, and the enslaved.

Within this diversity, Banaji highlights some telling recurrences, in particular the fraught relationship between great merchants and the local brokers who interfaced directly with producers, looping them into commodity production circuits through the instruments of credit and material advances. Once we focus on the relationship between brokers and merchants, the line separating Braudel's capitalism from economic and everyday life starts to blur. Nor is the nature of their interconnection necessarily hierarchical. Brokers can succeed in preserving a degree of «relative autonomy» vis-à-vis the great merchants, negotiating the terms of their subordination – what share of profits to retain, what quality of commodity to deliver, and so on. The relationship between great merchants and brokers is therefore simultaneously symbiotic and antagonistic, and can occasionally turn into open conflict, with attempts by the former to displace the latter and control producers directly.

But there is another group whose relative autonomy deserves an equally central analytical place: the producers themselves. The field of Peasant Studies has shown that agrarian commercialization and peasant subordination to capitalist markets is a constantly disputed terrain, a field of struggle for the everyday resistance, insurrection, and even revolution, of subaltern actors³⁰. Subaltern actors are thus revealed as the main bulwark against rising exploitation and as the most concrete limit to the accumulation of commercial capital. Their agency is therefore an irreducible part of the investigation of commercial capitalism, too, alongside the subaltern idioms of defiance and alternative visions of the past, present, and future.

The same holds true for the subaltern workers who undergird «merchant manufacturing». For instance, Prasannan

³⁰ James C. Scott, *Weapons of the Weak: Everyday Forms of Peasant Resistance*, Yale U.P., New Haven 1985; Henry Bernstein, *Class Dynamics of Agrarian Change*, Fernwood Publishing, Halifax 2010.

Parthasarathi's work suggests that Company weavers in eighteenth-century Southern India retained significant bargaining power vis-à-vis merchants³¹. This evidence does not necessarily contradict Banaji's model, but rather enriches it. The disparate outwork networks (cottage industry, putting-out system, *Verlagssystem*) on which commercial capitalist manufacture rests all entail a degree of subordination of labor to capital; at the same time, rates and forms of exploitation, and the attendant forms of domination that enable them, can vary significantly from one context to another. The key relative autonomy to investigate here is that of the workers.

The historically varying degree of workers' subordination in different periods and regions could also contribute to explaining the dazzling diversity uncovered by decades of research on proto-industrialization³². Banaji's reconceptualization of proto-industrial production as «merchant manufacturing» allows us to salvage the precious cargo of this subfield from the wreckage of its teleological premise: proto-industry is not a step towards industrialization, but rather a particular form of capital-driven manufacture that arises wherever commercial capital turns to craft production. As such, it is also not a peculiarly European form (as already suggested by Frank Perlin with reference to South Asia), nor a uniquely modern one³³.

As noted by Banaji, in Western Europe merchant manufacturing arose only in the twelfth century, and its real diffusion was in fact a late medieval and early modern phenomenon. Conversely, merchant manufacturing of linen cloth through cash (and perhaps material) advances to weavers is already attested in ninth-century Egypt³⁴, and

³¹ Prasannan Parthasarathi, *The Transition to a Colonial Economy: Weavers, Merchants and Kings in South India, 1720-1800*, Cambridge U.P., Cambridge 2001.

³² Franklin F. Mendels, *Proto-Industrialization: The First Phase of the Industrialization Process*, in «Journal of Economic History», 32, 1972, pp. 241-61; Sheilagh Ogilvie, *Protoindustrialization*, in *The New Palgrave Dictionary of Economics*, eds. Steven N. Durlauf and Lawrence E. Blume, Palgrave Macmillan, Basingstoke-New York 2008.

³³ Frank Perlin, *Proto-Industrialization and Pre-Colonial South Asia*, in «Past & Present», 98, 1983, pp. 30-95.

³⁴ Yūsuf Rāḡib, *Marchands d'Égypte du VII^e au IX^e siècle d'après leur correspondance et leurs actes*, in VV.AA., *Actes des congrès de la Société des*

early works of Islamic jurisprudence composed between the Iberian Peninsula and Central Asia commonly discuss the legal and contractual forms undergirding this type of production³⁵. Similarly, the subordination of peasant production to commercial capital accumulation through the instrument of debt can be discerned in Egypt and elsewhere across the Islamicate starting from the ninth century, even if research on the topic is scant at best³⁶. As in the case of capital-driven markets, we can point both at late antique antecedents for merchant manufacturing and at novel developments in the early Islamic centuries – developments paralleled in Western Europe starting only from the late medieval period.

What of slavery? The central role of Atlantic slavery and the colonial plantation economy in the history of capitalism recurs at different points in the book; yet slavery remains less deeply investigated than peasant production and craft outwork as a pillar of commercial capitalism. Still, Banaji's framework might allow for a broadening to other histories of slavery and capital beyond the modern Atlantic. For instance, the interrupted history of agrarian slavery in early Islamic Iraq, seemingly abandoned in the wake of the great Zanj rebellion of the 860s, deserves a place in this narrative, as would the modern Indian Ocean slavery that underpinned capital accumulation in the palm date and pearl trades³⁷.

3. *Commercial Capital(ism?) and the State*

Lastly, we come to the relationship between commercial capitalism and the state. In its narrative section, *A*

historiens médiévistes de l'enseignement supérieur public, 19^e congrès. Le marchand au Moyen Age, SHMES, Reims 1988, pp. 25-33.

³⁵ Abraham L. Udovitch, *Labor Partnerships in Early Islamic Law*, in «Journal of the Economic and Social History of the Orient», 10, 1967, pp. 64-80.

³⁶ Lorenzo Bondioli, *Peasants, Merchants, and Caliphs: Capital and Empire in Fatimid Egypt*, PhD thesis, Princeton University 2021.

³⁷ Alexandre Popović, *The Revolt of African Slaves in Iraq in the 3rd/9th Century*, Markus Wiener, Princeton 1998; Matthew S. Hopper, *Slaves of One Master: Globalization and Slavery in Arabia in the Age of Empire*, Yale U.P., New Haven 2015.

Brief History frames the history of commercial capitalism as a «competition of capitals». The competition, however, occurred not between capitalist merchants, but between states: Venice, Genoa, Portugal, the Netherlands, England. This framing closely resembles Giovanni Arrighi's succession of hegemonic cycles of capitalist accumulation and maps well onto similar narratives by Braudel, Immanuel Wallerstein, and others³⁸. The reason for this choice, more conventional than the broader range of examples deployed in the rest of the book, becomes apparent when Banaji suggests that the emergence of capitalism «depends, crucially, not just on markets but on the state, or at least a particular kind of state that sets out to encourage and bolster commercial expansion»³⁹.

Does this then mean that there can be no capitalism in the absence of such a state, even if all the other infrastructures of commercial capitalist circulation and production are in place? The answer depends on the definition one gives to capitalism itself, a perilous endeavor that Banaji eschews throughout the book. While avoiding the pitfalls of formalism, this omission leaves unaddressed a fundamental ambiguity. What sort of capitalism is *A Brief History* mapping? Are we looking at the history of a capitalist regime of accumulation, or at the emergence of capitalist society?

If we are searching for a regime of accumulation, Banaji gives us the tools to meaningfully talk of capitalism whenever we historically detect not just simple «trade», but rather the accumulation of commercial capital and its attendant infrastructures in the spheres of both circulation and production. Much of *A Brief History* seems engaged in this enterprise. Yet if we apply this definition, we are confronted with an even longer, more multifaceted, and less linear history than the book suggests. To some, this will sound as an indictment:

³⁸ Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times*, Verso, New York 1994; Fernand Braudel, *Afterthoughts on Material Civilization and Capitalism*, Johns Hopkins U.P., Baltimore 1977; Immanuel Wallerstein, *The Politics of the World Economy: The States, the Movements and the Civilisations*, Cambridge U.P., Cambridge 1984.

³⁹ Banaji, *A Short History*, p. 120. Braudel, *Afterthoughts on Material Civilization*, pp. 64-5, expressed a similar judgment: «Capitalism only triumphs when it becomes identified with the state, when it is the state».

should we not be weary of «transhistorical» characterizations that risk «naturalizing» capitalism? Undoubtedly, many politically pernicious narratives triumphantly present Western capitalist modernity as the rational culmination of tendencies inherent to human nature and history. But there are equally triumphalist narratives based on the exceptionality of the West as the only place where capitalism could have developed, be it because of Roman law, Christian philosophy, Reformation piety, institutional individualism, and so on. Both must be combated: the first, by historicizing capital; the second, by tracing its manifold global histories before and beyond Europe.

The more general lesson of Banaji's work is that a rigid a priori theoretical stance inevitably produces large blind spots. Suppressing the investigation of capital in vast domains of history to preserve the theoretical purity of Western capitalism, be it to celebrate or attack it, leaves large empty spaces onto which to project preconceptions and aspirations about non-capitalism. Premodern trade can thus become an idealized domain of exchange, either as the realization of the mythological Smithian meeting of complementary needs and desires, or as the manifestation of an irenic, morally regulated, «embedded», market⁴⁰. These readings erase the historically detectable operation of capital in preindustrial societies and its violent subordination of labor to its needs, be it latent or overt.

Thus, acknowledging the deep history of commercial capital, highlighting both historical recurrences and specificities, is emphatically not the same as claiming that markets, credit, or capital itself have always existed, that they existed everywhere, or that they naturally emerged out of human sociability. Commercial capital can be detected in most historically documented monetized state societies; but monetized state societies have themselves been the exception rather than the rule for most of the historically documented existence of the human species down to the modern period – let alone the much longer time that is not historically documented⁴¹. There is therefore no con-

⁴⁰ Harry W. Pearson, Conrad Arensburg, and Karl Polanyi, *Trade and Market in the Early Empires: Economies in History and Theory*, Free Press, New York 1957.

⁴¹ Geoffrey K. Ingham, *The Nature of Money*, Cambridge, Polity, 2004; David Graeber, *Debt: The First 5,000 Years*, Melville House, Brooklyn 2010.

tradiction between detecting commercial capital accumulation in the Roman or Han Empires and stressing the highly historically specific sets of conditions necessary for such accumulation to arise, and the equally specific sets of conditions susceptible to undermining such accumulation. The long history of commercial capital is as much the history of phases of deaccumulation as it is of phases of accumulation. In other words, drawing long, ramified, and discontinuous lineages of capital is not any less a historicist exercise than focusing on short and linear ones.

I say of capital, and not of *capitalism*, because this enterprise can easily do without the latter term. Capital and capitalists demonstrably existed before and outside modern European hegemony; whether *capitalism* did is, as noted, largely a matter of definitions. There are good reasons to restrict the application of *capitalism* to those societies where not only capital accumulation takes place, but where such accumulation has become the overarching hegemonic logic of exploitation and domination; the prevailing value regime; the structuring force violently refashioning most, if not all, domains of life. Yet, while this «stronger» definition of capitalism as a social totality has its merits, it suffers from the opposite pitfalls than the «weaker» definition. While the latter can be accused of catching too many fish, the former risks catching too few, and it has in fact occasioned extremely narrow histories of capitalism centering mostly modern Europe, or even just England⁴².

Banaji's centering of the state goes in the direction of a third possible definition: we can talk of capitalism whenever capital accumulation has become the key logic of state power; when capitalist interests have imposed themselves as foremost state interests, in service of which the frightful instrument of state violence is deployed. Such a definition would justify focusing on states such as Venice or the Netherlands as key actors in the history of capitalism, as both represent instances of great merchant capitalists directly capturing the key state apparatuses and effectively becoming the ruling class.

⁴² Ellen Meiksins Wood, *The Origin of Capitalism: A Longer View*, Verso, London 2002.

4. *Articulating Capitalisms: Towards a Longer History*

In sum, three definitions of capitalism cohabit *A Brief History*. First, we have the capitalism of capitalist merchants who deployed monetary wealth as capital, extracting surplus value by exploiting the labor of variously subordinated producers. This capitalism has a long Afro-Eurasian history as a sub-hegemonic force within monetized state societies that were however mainly regulated by non-capitalist value regimes – in Marxist parlance, societies that cannot be described as operating under a capitalist mode of production.

Second, we have the capitalism of colonial mercantile states that put organized violence in the service of accumulation by capitalist merchants. This capitalism has a seemingly shorter history, one that looks more Western European if we focus on the centers of accumulation (Lisbon, Amsterdam, London), but that is still firmly global if we recognize that accumulation in Western Europe depended on colonial extraction in the Americas, Africa, Asia, and Oceania, as well as on a fraught but often symbiotic relationship between Western European mercantilist states and tributary states in Africa and Asia. From a Marxist standpoint, this second capitalism is the most analytically challenging: we are not dealing with fully capitalist societies, not even in Western Europe, yet more and more aspects of social reproduction (especially at the level of the elite) are increasingly dependent upon continuous capital accumulation, with ancient forms of exploitation such as slavery, servitude, and debt peonage increasingly put in its service – alongside wage labor.

Third, we have the capitalism of modern industrial capitalist society, where we can speak of a fully fledged capitalist mode of production. Banaji pushes the inception of this last phase away from the Industrial Revolution and into the late nineteenth century, when industrial capital finally subordinated commercial capital to its needs – a relationship that, incidentally, seems to be reversing once more today⁴³.

The broader point is that these definitions are not incompatible. Even if we restrict the label of capitalism proper to one or the other, all three usefully capture different aspects of

⁴³ Nelson Lichtenstein, *The Return of Merchant Capitalism*, in «International Labor and Working-Class History», 81, 2012, pp. 8-27.

capital's historical encroachment upon human life. Capitalism as a regime of accumulation is an apt heuristic to capture the emergence, diffusion, retreat, disappearance, re-emergence of a distinct value regime functioning as a sub-hegemonic force within societies structured around other hegemonic value regimes. This type of capitalism existed in the late Roman Empire, in the Abbasid Caliphate, in the Tang Empire. In these state societies, capital generally occupied a subordinate (but not necessarily a subservient) position and functioned alongside other, more widespread «tributary» regimes of value, notably tax and rent⁴⁴.

Capitalism as a logic of state power is a heuristic that allows us to understand state societies such as the medieval city states of Venice and Genoa⁴⁵. Here capital accumulation had attained the position of the hegemonic value regime of the ruling class and underpinned the social reproduction of much of the broader elite as well. Yet, capital had not penetrated all domains of life, nor was capital accumulation by the elite independent of continuous interaction with other state societies where a different equilibrium between capital, tax, and rent prevailed. This is perhaps a broader point worth making: historically, states dominated by commercial capitalist interest have tended to operate in symbiosis with states where capital did accumulate, but did not dominate as the foremost mechanism of reproduction of the ruling class. Capital accumulation in Venice is inconceivable outside the city's relationship with the Byzantine Empire, the Mamluk Sultanate, and the Ottoman Empire; the same holds true for Genoa and the Habsburg monarchy; or, arguably, even for England and the Mughal Empire.

These examples also elucidate the non-teleological relationship between the three definitions. We are not dealing with prescribed stages of capitalist development. The capture of state power by the Venetian and Genoese great

⁴⁴ John F. Haldon, *The State and the Tributary Mode of Production*, Verso, London 1993; Id., *Theories of Practice: Marxist History-Writing and Complexity*, in «Historical Materialism», 21, 2013, pp. 36-70; Chris Wickham, *How Did the Feudal Economy Work? The Economic Logic of Medieval Societies*, in «Past & Present», 251, 2021, pp. 3-40.

⁴⁵ Giorgio Cracco, *Società e Stato nel Medioevo veneziano. Secoli XII-XIV*, Olschki, Firenze 1967; Steven A. Epstein, *Genoa & the Genoese, 958-1528*, University of North Carolina Press, Chapel Hill 1996.

merchant capitalists did not automatically lead to the full dispossession and proletarianization of all subalterns living under Venetian and Genoese rule, and therefore did not give rise to a thoroughly capitalist society in the stronger sense. Nor should this be framed as some sort of shortcoming. If Genoese and Venetian capitalists did not push for full dispossession, this most likely means that their model of accumulation did not require it, discouraging further confrontations with subaltern resistance.

Another case in point: the capture of state apparatuses by great merchant capitalists did not take place in the Islamic state societies that emerged out of the fragmentation of the Abbasid Caliphate in the tenth century. Yet it was here, and not in early medieval Northern Italy, that the scale of commercial capital accumulation and the diffusion and entrenchment of its attendant infrastructures of circulation and production attained unprecedented historical levels in the early medieval period. Both Marxist and liberal historians have described this as a case of arrested development, an aborted commercial or bourgeoisie revolution⁴⁶. Once we drop teleological expectations, we might suggest instead that whereas Venetian and Genoese capitalists were forced to take hold of state power to ensure continued capital accumulation, capitalist merchants of the post-Abbasid Islamicate seemingly did not. This suggests that existing state structures were perfectly adequate to capital accumulation, even if capital accumulation was not the central, driving logic of state power. Under such circumstances, class compromise between merchant capitalists and the ruling elite would have been far more expedient than class antagonism⁴⁷.

The case of post-Abbasid Islamicate state societies points in the direction of one last avenue of investigation. Historically, capital accumulation (weaker definition) has predominantly occurred under the aegis of states that were not firmly capitalist (intermediate definition), and without bringing

⁴⁶ Claude Cahen, *L'Histoire économique et sociale de l'Orient musulman médiéval*, in «*Studia Islamica*», 3, 1955, pp. 93-115; Lopez, *The Commercial Revolution*, p. 57.

⁴⁷ Fanny Bessard, *Caliphs and Merchants: Cities and Economies of Power in the Near East (700-950)*, Oxford U.P., Oxford 2020, pp. 241-3; Shelomo D. Goitein, *The Rise of the Near-Eastern Bourgeoisie in Early Islamic Times*, in «*Journal of World History*», 3, 1956, pp. 583-604.

about a complete transformation of society along capitalist lines (stronger definition). But this does not mean that capital accumulation had no impact whatsoever on either the state or society. On the contrary, the degree and reach of capital accumulation, its symbiosis or antagonism with alternative value regimes, its impact on the forms of law, belief, intellectual production, are all fundamental questions that need answering to gain a full understanding of these state societies. Capital is not the only factor at play, of course, but it is nonetheless a key factor. Overlooking it can produce distortions as great and pernicious as considering it the sole and eternal driver of all human history.

Commercial Capitalism in Northern Europe, ca 1400-1700: Breeding Ground for the Future?

Martha C. Howell

During the first half of the sixteenth century, Erasmus Schetz, at the time of his death in 1550 Antwerp's richest man, acquired a virtual monopoly of the calamine mined in the region, which was then necessary for brass production. With it and the copper he obtained from one of Europe's best sources, he was able to provide materials for manufacture of the high-quality brassware the Portuguese needed for trade in west Africa, and thereby he gained access to the lucrative trade in spices that the Portuguese controlled. Schetz also invested in a sugar plantation and a sugar mill in Brazil, and he refined the sugar he imported in his own Antwerp plant before selling it at enormous profit. The story of Schetz's businesses, along with those of two other powerful merchants from Antwerp, is magisterially told in Hugo Soly's recent *Capital at Work in Antwerp's Golden Age*¹. In Soly's judgment, Schetz and men like him were capitalists: by investing in production in expectation of returns exceeding their investment, they were deploying assets *as capital*².

Schetz's example nicely illustrates the central claim of Banaji's *A Brief History of Commercial Capitalism*. In the early modern North of Europe, commercial capital changed production structures and produced massive returns to capital, which were reinvested in the same processes in the expectation that this money too would «breed»³. Like Schetz, some

¹ Hugo Soly, *Capital at Work in Antwerp's Golden Age*, Brepols, Turnhout 2021.

² *Ibid.*, p. 5.

³ *Ibid.*, p. 14, from Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times*, Verso, London 1994: «An agency is capitalist because its money is endowed with the *power of breeding*»; Arrighi takes the phrase from Marx.

merchants vertically concentrated their business by directly linking production to commerce. Others, who were similarly operating in international markets as what the Germans call *Fernhändler*, established *Verlag* (putting-out) systems, especially in textiles. Or they brought otherwise independent artisans under their control in a *Kaufsystem*, in which the artisans bought their raw materials and certain tools from merchants who alone could supply the goods and then were obliged to sell them the finished products⁴. As Banaji also emphasizes, all such merchants were enabled by an increasingly sophisticated financial system allowing transfers of funds across long distances and through many hands, and some, like Gaspar Ducci (another of the men featured in Soly's *Capital at Work*) functioned almost like modern bankers and simultaneously speculated on several money and exchange markets while trading internationally in commodities. The third of Soly's subjects, Gilbert Schoonbeke, was a property speculator and project developer. He organized great public works, opened brick kilns and extracted peat, set up and owned a great many breweries.

The conclusion to be drawn from Banaji's study is that such merchants were «capitalists», because they directly affected the realm of production, both by stimulating demand for the products made in shops, raised on the ground, or dug from beneath it and by investing directly in such enterprises in order to reap more profits. Although not capitalist in the strict sense insisted by Marxist scholars like Maurice Dobb in that they did not emerge from industry but instead entered industry from trade, the money they made and the power they had over producers, Banaji implies, led to industrial capitalism itself. In effect, commercial capitalism was not just the predecessor of industrial capitalism but a stage in its development.

The following pages consider whether during the centuries between about 1400 and 1700 in northern Europe where Schetz operated, long-distance merchants were capitalists in the sense Banaji intended. I will concede that in many ways their story supports Banaji's claims, but I will also complicate

⁴ Peter Kriedte, Hans Medick, Jürgen Schlumbohm, *Industrialisierung vor der Industrialisierung: gewerbliche Warenproduktion auf dem Land in der Formationsperiode des Kapitalismus*, Vandenhoeck und Ruprecht, Göttingen 1977.

the narrative. While the merchants' buying and selling did affect the sphere of production, these men were not embryonic forms of the industrial capitalists to emerge later in European history. They operated according to a different logic, and to the extent they directly invested in production, in any case a rare event, they did so to advance their ability to «buy low and sell high», not to reap rewards from production efficiencies. Soly himself acknowledged that merchants in this period «did not readily engage in industrial production directly, particularly where fixed capital assets were required, because circulation was almost always more profitable than manufacturing»⁵.

1. *From Trade to Production*

As Soly also demonstrated, however, a few merchants in northern Europe did invest in production during the period. Jacob Fugger's interests in mining operations and other capital projects are very well known, some acquired as collateral for loans to the princes of the day or even as gifts bestowed in thanks for such loans (a subject to which I will return). He also invested in the copper industry in central Europe, where he built smelting plants and roads to get the minerals to ports for markets in, for example, Russia and Portugal⁶. The great Höchstetter firm, also in Augsburg, similarly entered production as when, in 1509, the Höchstetter brothers obtained permission from Emperor Maximilian to establish a brass foundry in Tyrol. Less well-known merchants were no different. Christopher Fürer, born (in 1479) of a patrician family in Nürnberg, was as a young man sent by his father to manage their copper mining and smelting business in Thuringia⁷. Andreas Ryff (b. 1550), son of a mercer in

⁵ Soly, *Capital at Work*, p. 228.

⁶ The literature on Jacob Fugger and his family is extensive. Götz von Pölnitz's *Die Fugger*, Mohr & Siebeck, Tübingen 1999⁶, and Mark Häberlein's, *Die Fugger, Geschichte einer Augsburger Familie (1367-1650)*, Kohhammer Verlag, Stuttgart 2006 are fundamental. For a more recent English account, see Greg Steinmetz, *The Richest Man who ever Lived: The Life and Times of Jacob Fugger*, Simon & Schuster, New York 2015.

⁷ *Aus Christoph Fürers Denkwürdigkeiten: Christoph Fürers Lebenserinnerungen (Fragment). Fürerisches Geschlechtsbuch, in Der Nürnberger Patrizier Christoph Fürer der Ältere und seine Denkwürdigkeiten 1479-1537*, ed. Johann Kamann, *Mitteilungen des Vereins für Geschichte der*

Basel, married a widow who brought with her interests in a mining operation to which she had succeeded when her husband died. The family Stromer of Nürnberg established the first water-driven papermill north of the Alps, an event Ulman Stromer (b. 1329) reported in his «Püchel von meim geslechet und von abentewr»⁸. Although acknowledging, with Banaji, that such merchants directly affected the sphere of production and that even those merchants who did nothing but try to «buy low and sell high» had an indirect effect on that sphere, I want to emphasize two features of merchant behavior in this period that in my opinion need to be given more attention.

2. Buy Low, Sell High

First, as I have already insisted, most merchants in early modern northern Europe invested in production – if at all – only to nurture their business of buying and selling. Further, even the richest of them competed with others to buy and sell hemp, timber, alum, wool, cloth, pepper, mercury, copper, pearls or any of the other goods that they delivered to markets all over Europe, and beyond. At best, they could usually dominate a market only for a season – or until the next ship arrived in Bruges, Riga, Venice, or Antwerp with new supplies of the treasured goods. Nor were they the only men with access to the princes' courts, the cloth halls, or the docks where the buyers could be reached.

A rare and precious collection of quasi-autobiographical texts (only 8 in total) written by merchants from the German-speaking region in the fifteenth and sixteenth century clearly documents these claims⁹. The texts show that such eli-

Stadt Nürnberg, vol. 28, 1928; also see Horst Wenzel, *Die Autobiographie des späten Mittelalters und der frühen Neuzeit 2: Die Selbstdeutung des Stadtbürgertums*, W. Fink, Munich 1980.

⁸ Ulman Stromer, *Püchel von meim geslechet und von abentewr, 1349 bis 1407*, in *Die Chroniken der fränkischen Städte. Nürnberg*, ed. Karl Hegel, Bd. 1 (= *Die Chroniken der deutschen Städte vom 14. bis ins 16. Jahrhundert*, Bd. 1), Leipzig 1862, pp. 25-106.

⁹ These texts are part of a much larger collection of so-called *Selbstzeugnisse* written during the period, made available in a database constructed by Gabriele Jancke: <https://www.geschkult.fu-berlin.de/e/jancke-quellenkunde> (accessed 12 November 2023).

te merchants were trained for the market, not for production. As the many merchants' handbooks that were published in this period detail, merchants needed to be able to assess market conditions in places too distant for easy communication (a shipment of goods from Antwerp to Augsburg, for example, would normally take about two weeks). They were expected to understand the currencies used in different markets and how to obtain favorable or at least fair exchange rates; to know how to adjust for the inevitable differences in weights and measures; how to communicate in languages not their own; how to protect their shipments across dangerous roads and waterways; and above all whom to trust with their goods, whose credit to accept and to whom they could turn when they needed credit¹⁰.

Luca Rem of Augsburg, born of a settled mercantile family in 1481, was such a merchant. His *Tagebuch* describes how, after his schooling in Augsburg, he was at 14 years old sent to Italy to learn the language and study double-entry bookkeeping. Thereafter, he was dispatched to Lyon to acquire French and more hands-on mercantile experience. For almost 20 years thereafter, he worked for the famous Welser firm of Augsburg and then established his own firm with his brothers, which he ran until his death in 1547. Throughout his career, the *Tagebuch* relates, Rem was on the road almost constantly. An entry from 1512, for example, tells us that «on the 30th of December I left Antwerp for Mechelen, Leuven, Namur, Mars Basstuan (?), Arles, Metz, Nancy, Schirmeck, Strasburg, Rastatt, Pforzheim, Esslingen, and Ulm; by January 18 I was again in Augsburg»¹¹. Rem then reports that in March he left for Frankfurt, surely for one of its important fairs; after nine days he was off to Antwerp and then to Bruges¹². We also read about sailing to England, or to Lisbon (where he spent several years trading with the court as

¹⁰ For example, *Das Meder'sche Handelsbuch und die Welser'schen Nachträge: Handelsbräuche des 16. Jahrhunderts*, ed. Hermann Kellenbenz, F. Steiner, Wiesbaden 1974.

¹¹ *Tagebuch des Lucas Rem aus den Jahren 1494-1541. Ein Beitrag zur Handlungsgeschichte der Stadt Augsburg. Mitgetheilt, mit erläuternden Bemerkungen und einem Anhang von noch ungedruckten Briefen und Berichten über die Entdeckung des neuen Seeweges nach Amerika und Ostindien versehen* von B. Greiff. Augsburg, J.N. Hartmann, 1861, 17.

¹² *Tagebuch des Lucas Rem*, p. 17.

representative of the Welsers), returning to Lyon, and so on. It was dangerous work. Rem regularly rode with armed guards because of highwaymen; he barely escaped serious injury when his horse slipped and fell; on sea, his ship was regularly beset by storms and sometimes pursued by pirates¹³.

Rem traded all kinds of goods, including, for example, copper, lead, cinnabar, mercury and «all sorts of things», especially Flemish cloth, along with «many spices, also oil, wine, ivory, cotton, grain, and fruit», even saffron he got from the «Morrocans»¹⁴. Significantly, his journal never mentions the producers of the goods he traded or refers to the laborers who worked in the mines, the fields, or the ateliers; instead, we have only the occasional reference to the place from which the goods came or the names of the suppliers from whom Rem bought them. Nor does his journal suggest anything at all about investments in production. Instead, we see him keeping good books, sniffing out market conditions, assessing the quality of goods he bought and sold, and above all judging the reliability of his trading partners. Evidently, he was good at his job. For example, when he was in service to the Welsers, he «made a wonderful trip with excellent business and served the company well». His *Tagebuch* also provides a twelve-page meticulous accounting of his share in the company he founded after the split with the Welsers, listing profits that averaged between 17 and 30% per period¹⁵.

To judge from the similar records left by such merchants, Rem was typical. Andreas Ryff of Basel was also sent to primary school and then to Geneva to learn French (and Latin, but that effort failed), then to Strassburg for an additional apprenticeship. But then he returned to Basel where he joined his father's business, married, and over time expanded it. His *Selbstbiographie* explains that, even as a boy, he loved going to market with his father¹⁶. When he took over the business, he brags that he kept good books, tracked his debts carefully so as not to become overextended, and

¹³ *Ibid.*, p. 14, p. 10, p. 9.

¹⁴ *Ibid.*, p. 9.

¹⁵ *Ibid.*, p. 6, p. 17, p. 31.

¹⁶ «hab ich allezith lust und liebe gehapt mitzureisen [to market with his father] und kauffen und verkauffen umbezuogon», *Selbstbiographie des Andreas Ryff (bis 1574)*, in *Beiträge zur vaterländischen Geschichte*, 9.38, 1870, pp. 37-121, p. 48.

correctly read customer desire as he prepared his cloths for sale, all earning him the trust of his clients¹⁷. Ulrich Kraftt, born (1550) of a rich family in Ulm, reports that he too went to the German primary school, then apprenticed both in French- and Italian-speaking regions before setting out on a long journey to Tripoli and Aleppo where he bought jewels and other goods for a firm that went bankrupt, which put him in a Turkish jail for three years. Upon his return to Europe, he resumed trading, now in eastern Europe, mostly dealing in hides, animals, grain, and minerals. Heinrich Zobel of Bremen (b. 1539) did not travel as far, but he traded almost everywhere in Europe – Italy, Switzerland, England, the Low Countries, Germany – buying and selling cloth in different markets, importing gems through Venice and oxen from Hungary, forming short-lived partnerships for different legs of his business, and generally scrambling (successfully) to chase market opportunities wherever they were¹⁸. He was a trader, *tout court*. So too were the Hansa merchants who worked throughout the Baltic and North Seas, down the Rhine, and even into Italy, buying and selling wool, cloth, hides, grain, timber, fish, copper, saltpeter, dyes, and salt¹⁹.

3. *Merchants as Monopolists*

None of these men controlled the markets they served, although each surely sought to secure their place in them by providing good service both to their suppliers and their customers, joining with other merchants to dominate a market, and so on. Some merchants, however, as we have seen, made their fortunes, not in the first instance by buying and selling more wisely, but by being the only or the chief supplier of a good that was in demand. Their control of markets cons-

¹⁷ «dass ich mich reslissen, ordenlich unnd freindtlich, miuch mit meinen rechnungen fertig und richtig, mit der zalung bescheidenlich und nit zenckish, mich mit kauffliithen zuo halten, haven viil lith glich ein amuot zuo mir gewonen und gern mit mir gehandelt, auch mir gern trouwt...», *Selbstbiographie des Andreas Ryff (bis 1574)*, p. 83.

¹⁸ *Biographie des Bremischen Bürgermeisters Heinrich Zobel 1539-1615*, ed. W. von Bippen, in «Bremisches Jahrbuch», 8, 1876, pp. 74-106.

¹⁹ See, for example, *Hildebrand Veckinbusen. Briefwechsel eines deutschen Kaufmanns*, ed. Wilhelm Stieda, S. Hirzel, Leipzig 1921.

titutes the second issue we need to take into fuller account. Most commonly, such men won a monopolistic position by providing financial services to rulers who returned the favor by excluding them from tolls and taxes, allowing them to establish, manage, and extract profits from mines to which the ruler had regalian rights, or giving them priority in trade routes the ruler governed. Georges Lefebvre long ago argued that what he called the «collusion between commerce and the State» promoted the development of capitalism historically²⁰. Banaji takes up this issue, especially in chapter 3, but he frames it as «competition between commercial capitals», in effect competition between states that was manifested by organizations like the English East India Company. For Banaji, this was a stage in the history of commercial capitalism, a time before the rise of commission houses and what he characterizes as «non-monopoly, private enterprise»²¹. The evidence from northern Europe in the fifteenth and sixteenth century suggests, however, that the «collusion between commerce and State» began, not when states sought control of commerce but as merchants themselves found a way to use the state to gain such control. And, as I will suggest in this essay's epilogue, the state long remained the partner of capitalists, even as the monopolies characteristic of the early modern period disappeared. To ignore that partnership is to misunderstand both early modern and modern capitalism.

Jacob Fugger is surely the best known of the merchants who acquired monopolies in the early modern north of Europe. He did so simply by making himself useful to Charles V, who needed his money, most famously to secure his election (in 1519) as Holy Roman Emperor. Thereafter indebted to Fugger to the tune of more than 600,00 gulden in an age when a small house sold for about 50-70 gulden, Charles granted Fugger the silver and copper mining operations of Tyrol and later a concession to mine quicksilver and cinnabar in Almadén²². Ambrosius Höchstetter, a merchant almost

²⁰ Georges Lefebvre, *Some Observations*, in Paul M. Sweezy et al., *The Transition from Feudalism to Capitalism*, Humanities Press NLB, Atlantic Highlands (N.J.) 1976, pp. 122-7, pp. 125-6.

²¹ Jairus Banaji, *A Brief History of Commercial Capitalism*, Haymarket, Chicago 2020, p. 64.

²² This story is more fully told in, among other studies, Mark Häberlein, *Die Fugger and Steinmetz, The Richest Man who ever lived*.

Fugger's equal, similarly acquired preferential mining rights thanks to Ferdinand, brother of Charles, then archduke of Austria (later to be crowned Emperor), to whom he had loaned money²³. Soly's *Capital at Work* describes, in granular detail, how the three men he featured similarly established quasi-monopolistic positions in certain markets with the help of their governors, again in return for financial help. Schetz, for example, acquired a long-term lease to the best calamine mine near Aachen at below market rates, thanks to intervention by the Emperor. Gaspar Ducci worked closely with Mary of Burgundy, governor of the Low Countries (on behalf of her brother, Charles V). She was perpetually short of funds, and Ducci was able to raise short-term loans for her on various markets, in part using a financial instrument he designed. Thanks to such services, for a time he held an effective monopoly of pastel (woad) imports in the Netherlands because the crown withheld permission to anyone else until Ducci had sold his stock. He even held a temporary monopoly on the alum shipped to the Habsburg Netherlands, again thanks to the crown. Schoonbeke too depended on the political realm, both on corrupt city officials and support from the Emperor, in order to dominate Antwerp's real-estate market. For such men, monopoly was, as Soly put it, a «crock of gold»²⁴. There was more to their success of course – hard work, skill, creativity, and for most of them, advantageous marriages that brought money and connections with other mercantile players. But without privileged access to copper or mines, precious raw materials, or valuable unfinished goods that princes had granted, there would have been no history of the Fugger family as we know it, no memories of the Welsers or Höchstetters, and no book like Soly's *Capital at Work*.

Although the «commerce-state» partnership began, at least in northern Europe, as merchants found ways to earn favors from their governors, the alliance took purer form, as Banaji describes, when Portugal entered the Indian Ocean in partnership with merchants who, armed to the teeth by the

²³ This history is recounted and analyzed in Thomas Saffley, *Family Firms and Merchant Capitalism in Early Modern Europe: The Business, Bankruptcy, and Resilience of the Höchstetters of Augsburg*, Routledge, London 2020.

²⁴ Soly, *Capital at Work*, p. 237.

crown, established themselves in the existing trade for silks, dyes, jewels, spices, and gold that spread from east Africa to India to the Indonesian archipelago, to the straits of Malacca and the South China Sea, and on to Japan. Thanks to their ships and guns, the Portuguese managed in just a few decades to take effective control of much of this trade for European markets²⁵. By 1512 they had captured the tiny Banda Islands, then the world's only source of the precious nutmeg and mace, and soon thereafter took nearby clove islands.

The Portuguese did not, however, distribute their cargo throughout Europe. Instead, Antwerp took that role, becoming the financial center of Europe for almost a century²⁶. Antwerpers were financiers and merchants, however, not shipbuilders or shippers as were the Dutch to the north, and with Amsterdam in the lead these regions joined in the trade from northern waters into Iberia. When the Lisbon-Antwerp-Amsterdam links were broken during the so-called Dutch Revolt and the rich southern provinces, including Antwerp, fell to the Spanish legions, both merchants and artisans from what is now Belgium fled north. When, in 1580, Spain gobbled up Portugal and quickly closed Lisbon to Dutch traders, the Dutch had to find a new route into the «rich trades» of the Indian Ocean; they did so in a few years, even outflanking both the English and the Portuguese.

Theirs is a spectacular story, for the Dutch East Indies Company, or the VOC in its Dutch acronym (*Vereenigde Oost-Indische Compagnie*), which was established in 1602, was to become the largest and most profitable megacorporation of the world. Between 1602 and 1796 it sent almost a million

²⁵ For an account of this history, in brief, and references to the literature, see Om Prakash, *The Portuguese and the Dutch in Asian Maritime Trade: A Comparative Analysis*, in *Merchants, Companies, and Trade: Europe and Asia in the early modern era*, eds. Sushil Chaudhury and Michel Morineau, Cambridge U.P., Cambridge-New York 1999.

²⁶ For recent scholarship on these developments, see *International Trade in the Low Countries (14th-16th centuries)*, eds. Peter Stabel, Bruno Blondé and Anke Greve, Garant, Leuven 2000. For the shift in European trade in particular, see Herman Van der Wee, *Structural Change in European long-distance Trade, and particularly in the re-export Trade from South to North, 1350-1700*, in *Merchants, Companies, and Trade*, pp. 14-33; and Jan de Vries, Ad van der Woude, *The First Modern Economy: Success, Failure, and Perseverance of the Dutch Economy, 1500-1815*, Cambridge U.P., Cambridge 1997.

Europeans to work in the Asia trade on 4,785 ships, and netted for their efforts more than 2.5 million tons of Asian trade goods. By contrast, the fleet of the British East India Company, the VOC's nearest competitor, was a distant second with 2,690 ships and a mere one-fifth the tonnage of goods carried by the VOC²⁷. Historians have offered several explanations for the success of the Dutch, including their mercantile history and the business model they developed, which involved trading throughout the Indian Ocean itself, and using those profits to finance the spice trade with Europe rather than sending Europe's bullion to southern waters. Here I want to emphasize two other factors scholars consider of equal importance.

Chief among them was the fact that merchants operated in unison instead of in competition with one another as they ventured into the Indian Ocean. These were extremely high-risk voyages because of piracy, disease and shipwreck, and because of the interplay between inelastic demand for spices and relatively elastic supply, which could mean huge losses for those financing individual voyages. In an attempt to eliminate the mutually destructive competition caused when separately financed voyages entered the waters, the English had in 1600 formed a cartel of all English merchants that was given a monopoly on supplying markets in Europe: their famous East India Company. The Dutch were to copy that model with their VOC but in addition they formed a semi-permanent joint stock company that funded all voyages and shared the profits over many years of ventures, not just individual voyages as was the English pattern until 1657, thus spreading the risks of a single voyage over many²⁸. The VOC came to possess quasi-governmental powers, including the ability to wage war, imprison and execute convicts, negotiate treaties, coin money, and establish colonies. Although much of the VOC success can be attributed to their business organization, there is no doubt that they triumphed because

²⁷ For an exhaustive study of the VOC, see Femme Gaastra, *The Dutch East India Company: Expansion and Decline*, Walburg Pers, Zutphen 2003.

²⁸ For fuller histories of these events, see *ibid.*; Charles Boxer, *The Dutch Seaborne Empire, 1600-1800*, Knopf, New York 1970; K.N. Chaudhuri, Jonathan Israel, *The English and Dutch East India Companies and the Glorious Revolution of 1688*, in *The Anglo-Dutch Moment: Essays on the Glorious Revolution and its world Impact*, ed. Jonathan Israel, Cambridge U.P., Cambridge 1991, pp. 142-63.

of the monopolies they imposed²⁹. Sometimes they bought their exclusive rights to nutmeg, cloves, and other goods in the Indian Ocean markets, but if that failed, they stopped at little, earning a reputation for brutality unusual even in this age. In what probably stands as the most horrendous example of Dutch methods, Batavia's Governor-General monopolized the nutmeg trade in Badan by ordering the slaughter of every single Badanese male over the age of fifteen that he could capture. By 1681, the VOC had destroyed three-quarters of all nutmeg trees in unwanted areas and reorganized farming into plantations.

The VOC was wildly profitable during the seventeenth century, but their position weakened in later decades as the English and French instituted mercantilist strategies, and when the French got hold of clove seedlings and transplanted the crop to the Seychelles, Réunion and especially Zanzibar the game was just about over. By the end of the 18th century the ghastly VOC, its monopoly broken, was bankrupt.

4. *Epilogue*

According to the Marxist tradition that informs both Banaji's and Soly's research, capitalism is distinguished from mere «commerce» because in capitalism assets are invested in productive resources that grow, or «breed», as Soly put it, and merchants become, in effect, entrepreneurs. Although the merchant capitalists Banaji describes did not move from industry to trade (rather, it was the reverse), they can, Banaji concludes, nevertheless be considered progenitors of modern industrial capitalism. So too, we may conclude, would Banaji consider *Fernhändler* like Lucas Rem agents in the history of modern capitalism, just as have many non-Marxist scholars who label men like Rem capitalists because they managed their businesses with the «rational» techniques considered hallmarks of capitalism³⁰.

²⁹ For this argument and additional references, see Kenneth Pomranz, Steven Topik, *The Economics of Violence*, in *The World that Trade Created: Society, Culture, and the World Economy, 1400 to the Present*, M.E. Sharpe, London 2006, pp. 141-74.

³⁰ For examples of this scholarship or discussions of this argument, see Raymond de Roover, *Aux origines d'une technique intellectuelle. La*

I have elsewhere argued that we risk misunderstanding this period and merchants like Rem if we force their story into a linear narrative about the development of industrial capitalism³¹. Here I want to emphasize that we also risk obscuring the role they might have played in that history. Merchants who operated more or less like Rem, after all, were everywhere in the early modern commercialized world, not just in Europe. Yet it was in Europe alone that modern industrial capitalism took its original root. So the key question is what is the historical connection between merchants like Rem, monopoly traders like Fugger, or institutionalized monopolies like the VOC on the one hand and, on the other, industrial capitalism as it took shape in Europe? To answer this question we need to follow the advice of George Lefebvre and look more closely at the commerce-state alliance.

Early modern merchants in northern Europe, I would argue, invested in production only with the support, explicit or implicit, of state-like powers and did so in order to securely «buy low and sell high». To be sure, the VOC, slavery, and colonialism itself were, as Banaji insists, manifestations of commercial capitalism's takeover of production via state-like entities, but the Dutchmen who monopolized spice production in the Indian Ocean or set up slave plantations there did so to get exclusive access to trade goods, not to find cheaper ways of producing. Although we could long debate the question of whether such merchants or such organizations were «really» capitalist, we do better to focus on the ways that they enabled industrial capitalism's emergence. Of course, the fortunes such merchants assembled were potentially available for investment in production and, to judge from the story of Schetz, the men were perfectly capable of shifting resources from one market opportunity to another, indeed from trade to finance to production. But to better understand why in-

formation et l'expansion de la comptabilité à partie double, in «Annales d'histoire économique et sociale», 9, 1937, pp. 270-98; Eve Chiapello, *Accounting and the Birth of the Notion of Capitalism*, in «Critical Perspectives on Accounting», 18, 2007, pp. 263-96; Bruce G. Carruthers and Wendy Nelson Espeland, *Accounting for Rationality: Double-Entry Bookkeeping and the Rhetoric of Economic Rationality*, in «American Journal of Sociology», 97, 1991, pp. 31-69.

³¹ Martha C. Howell, *Commerce before Capitalism*, Cambridge U.P., New York 2010.

dustrial capitalism originally took only root in Europe alone, we need to know whether merchants elsewhere had the same flexibility or whether law or more informal norms restricted them in ways that men like Schetz were not.

We also need to acknowledge the significance of the alliance men like Fugger and Schetz formed with the state. Braudel considered that alliance the defining feature of merchant capitalism, for merchants who operated without the protection of the state were, in his opinion, not capitalists, but players in the «normal» market of open competition³². We need not agree that Braudel drew the line between the «normal» market and capitalism in the right place, but we do need to take fuller account of the fact that merchants who achieved monopolistic positions in certain markets did so with the help of the state, just as Schetz and Fugger did, and as the merchants who organized the VOC did. Without that support, such men would not have shifted resources into production. They knew, and as Soly himself emphasized, that investments in production were a bad bet. Capital so invested could not be freely moved from one market opportunity to another, as merchants were wont to do, cutting losses and taking profits along the way; fixed assets were subject to seizure by rapacious lords; returns to such investments were typically low unless, as men like Schetz were able to do, the merchant could dominate the market with the goods produced; such investments required technical expertise of a kind merchants did not have. It was only when private property rights were secured by a state able to enforce such laws, and when states joined with merchant-entrepreneurs to reap the rewards of organizing production that it made sense for merchants to shift resources from trade to production.

The state-commerce alliance did not disappear even when monopolies like those typical of the early modern centuries withered away. Rather, the alliance first forged by men like Schetz and Fugger, and so gruesomely institutionalized in the VOC, was crucial in the history of industrial capitalism,

³² This argument constitutes a leitmotiv of Braudel's *Les jeux de l'échange*: in English, Fernand Braudel, *The Wheels of Commerce*, vol. 2, *Civilization and Capitalism, 15th-18th Century*, University of California Press, Berkeley-Los Angeles 1992.

even if it took new forms. Although this is not the place to tell that story, I would urge, to take just three examples, that we consider the so-called Projectors of 17th century England, Colbert's glass manufacturers and tapestry works, and the railroad barons of the 19th century U.S. the direct heirs of Schetz and Fugger. As for Rem and his fellow traders, they may well be located somewhere on that family tree, but on a branch that bore little fruit.

Levels of Abstraction? Jairus Banaji's Method and a Reconsideration of Chinese Merchant Capital

Andrew B. Liu

Jairus Banaji's *Brief History of Commercial Capitalism* explores a broader history only hinted at in the margins of Marx's *Capital*. Commercial, or merchant, capitalism is most usefully understood not as an evolutionary stage that set the table for industrial England. Instead, the category stands in for the history of capitalism itself, a theorization that gives analytical precedence to accumulation, as the integration of circulation and production, over the modern factory «enterprise» as «an isolated entity»¹. Banaji has shown through his influential essays that the arguments in *Capital* operated at multiple levels, and this recognition enabled his startlingly original interventions into the field.

My commentary here has two modest goals: first, to situate Banaji's *Brief History* within his earlier work, in order to highlight his profound methodological interventions into how to read Marx and their analytical significance; and second, to flesh out Banaji's analysis of commercial capitalism in Asia by drawing on literature from my own field, the history of China.

1. *Reading Marx as Logic and as History*

After living abroad for much of his youth, Banaji had returned to western India by the 1970s, where he helped form a political circle studying, among other texts, Hegel's *Science of Logic*. The experience opened up for him a new reading of

¹ Jairus Banaji, *Theory as History: Essays on Modes of Production and Exploitation*, Haymarket, Chicago 2011, p. 60.

Marx's *Capital*. In an early essay, he challenged simplistic interpretations of Marx's difficult first chapters, which explored the concepts of commodities, money, capital, and wage labor, in order². Those chapters should not be read chronologically, from simple to advanced societies, he contended, but as part of a logical, unfolding argument about the essential dynamics of capital. For Marx, the «commodity-form» was capitalism's «economic cell-form»³.

Marx, Banaji explained, began with a deceptively simple concept, the «commodity» (C), then worked through its contradictions in order to return to it as the embodiment of a complex social totality. At first sight, commodities such as blue jeans or coffee beans appear unexceptional. But insofar as they carry an exchange-value, or price, they presuppose independent values expressed through money (M). But money would not circulate regularly, nor attain stable values, if it were used only as a medium of exchange, to satisfy concrete needs such as clothing and food. Money's circulation is in fact driven by accumulation: rather than selling in order to buy (the formula C-M-C), capitalists buy in order to sell, or, M-C-M'. Money and commodities thus actually exist as mere «modes of existence» of the underlying dynamic of self-valorizing value, an «unceasing movement of profit-making» otherwise called «capital»⁴. But capital remains an incomplete concept without identifying the one commodity with the alchemic power to create surplus-value, namely, human labor-power. The first sections of *Capital* thus span from the commodity to money to capital to labor-power, Banaji wrote: «the individual commodity from which we started is now “posited”, that is, established dialectically, as a form of appearance of capital»⁵.

Marx's argument thus operated at different «levels of abstraction». Accumulation (M-C-M') was the simple, abstract, essential relation that characterized capital as a whole. But capital also assumed distinct concrete appearances, such as the

² Jairus Banaji, *From the Commodity to Capital: Hegel's Dialectic in Marx's Capital*, in *Value: The Representation of Labour in Capitalism*, ed. Diane Elson, Verso, New York 1979, pp. 14-45.

³ Karl Marx, *Capital: A Critique of Political Economy*, vol. 1, trans. Ben Fowkes, Penguin, New York 1976, p. 90.

⁴ *Ibid.*, pp. 254-5.

⁵ Banaji, *Commodity to Capital*, pp. 19-29.

commodity, which must be related back to their essence. As Banaji told me and Sheetal Chhabria in December 2020:

Hegel is crucial to that distinction, because once you distinguish these levels of abstraction, so to speak, then it becomes possible to see what's happening. That capital can be a sort of essential relation, even if the phenomenal forms that you encounter are, of course, conceptually confusing forms, because this is just the kind of chaos of reality so to speak that Marx talks about [the «chaotic conception» in the *Grundrisse*]⁶.

The essence-appearance distinction helped Banaji read Marx's phrase the «capitalist mode of production» in a more expansive fashion. Most often, the phrase was interpreted narrowly to refer to the large-scale industrial factories animating the middle chapters of *Capital*, with armies of proletarian labor in the mills of Lancashire and Yorkshire. But Marx also used «mode of production» in a more capacious, historical way, found in phrases such as «epochs» and «periods of production»⁷. In *Capital*, he wrote that both the «modern history of capital» and «the capitalist era» began in the sixteenth century, a period when the large-scale mechanized factory could scarcely be found⁸. Capitalism in this sense was not a technical category – of factory versus workshop – but a historical one, and the two notions operated differently. The «capitalist era» was the broad span of history marked by the *essential* social relation of capital, which began to play a determinative role centuries ago in global trade, while the factory, as site of production, was but one of its specific *forms of appearance*.

For Banaji, this distinction undermined one of the enduring assumptions of a «mesmerizingly Anglocentric» Marxist historiography, namely the conflation of capitalism itself with production by waged work: labor that was neither attached to a master, as in slavery or serfdom, nor in possession of property, as in a peasant household⁹. The most famous

⁶ «Where is the working class? It's all over the world today»: Jairus Banaji in conversation with Sheetal Chhabria and Andrew Liu», *Borderlines*, 2020, <https://www.borderlines-cssaame.org/posts/2021/1/18/where-is-the-working-class-its-all-over-the-world-today/> (accessed 26 July 2022).

⁷ Banaji, *Theory as History*, pp. 51-2.

⁸ Marx, *Capital*, vol. 1, p. 247, p. 876.

⁹ Banaji, *Theory as History*, p. 357; Marx, *Capital*, vol. 1, p. 874.

example was Maurice Dobb's Eurocentric account of the passage from serfdom to free labor in the 1950s, followed by historian Robert Brenner's major essays in the 1970s. In reducing capitalism to a system of production and free labor, they dismissed «merchant capitalism» as confined merely to the purchase and sale of completed goods but without intervention into the plantation or household. Versions of this argument have been widespread, for instance buttressing traditionalist arguments that US slavery was «precapitalist» because plantations were divorced from merchant capital. In my own experience, Dobb and Brenner's work also surfaces repeatedly in the historiography of China and India as an explanation for why Asia *failed* to develop capitalism¹⁰.

England was indeed Marx's «classic case» of capitalist development, but a careful reading indicates that, in a world dominated by commodity production, other types of labor exploitation became bound up with capital as well. Throughout his notes, Marx referred to US slavery as capitalistic in character¹¹. Conversely, Marx showed how independent producers could also be subsumed within the social relations of labor and capital¹². New research has backed these observations. The Taylorist rationalization of US slavery has been explored by Edward Baptist and Caitlin Rosenthal¹³. Meanwhile, historical examples of households that calculated and rationalized their own labor in a modern manner can be found in the literature on the pre-industrial «industrious revolutions» in both Europe and Asia¹⁴.

In sum, Banaji's reading opens up the history of capitalism as a set of essential, abstract concepts that account for both high industry but also moments in which capital has

¹⁰ I have outlined this historiography in Andrew B. Liu, *Production, Circulation, and Accumulation: The Historiographies of Capitalism in China and South Asia*, in «Journal of Asian Studies», 78.4, 2019.

¹¹ Banaji, *Theory as History*, p. 143. See Marx, *Capital*, vol. 1, p. 345.

¹² Id., *Marx-Engels Collected Works*, vol. 34, International Publishers, New York 1994, pp. 141-2.

¹³ Edward Baptist, *The Half Has Never Been Told: Slavery and the Making of American Capitalism*, Basic Books, New York 2014; Caitlin Rosenthal, *Accounting for Slavery: Masters and Management*, Harvard U.P., Cambridge 2018.

¹⁴ Jan de Vries, *The Industrious Revolution: Consumer Behavior and the Household Economy: 1650 to Present*, Cambridge U.P., Cambridge 2008, chap. 3.

formally subsumed an endless diversity of labor arrangements. Crucially, commercial capital, unlike its counterpart, features no «classic form». «The subsumption of labour into merchant-capital is thus irreducible to any single formula», Banaji has written. «Merchant-capitalists controlled a variety of enterprises from putting-out networks and peasant agriculture to slave plantations and factories in the modern sense»¹⁵. Banaji's *Brief History* is more than a historiographical exercise, then, but also a theoretical intervention into Marxist debates, one that reimagines the history of capitalism itself.

2. *Commercial Capitalism in China*

Banaji's engagement with the history of China is relatively minor, largely in the context of the Britain-India-China trade of the eighteenth and nineteenth centuries. But the tools he has laid out can help us make sense of new findings in Chinese history, which can in turn enrich his outline for a global history of commercial capital.

The first major research on Chinese merchant capital began in the 1950s, when a Marxist economic history tradition emerged in Chinese universities. Scholars unearthed evidence of major merchant groups during the Ming (1368-1644) and Qing (1636-1912), framing them through the same conventions of Dobb and Brenner. Such groups may have amassed extraordinary wealth in circulation, it was argued, but they revolutionized neither agriculture nor production, which remained in the stages of handicraft, or, the «sprouts of capitalism». However, with China's economic liberalization starting in the 1980s, historians have since recast merchant groups more favorably. Much of this effort has been aimed at creating an indigenous genealogy of successful capitalists, and local historians have published countless volumes and established research centers dedicated to constructing the history of Chinese entrepreneurship.

From the 14th to 19th centuries – the same period as the nascent Mediterranean, Dutch, and English capitalism central to Marx and Banaji's story – there emerged in China

¹⁵ Banaji, *Theory as History*, p. 273.

several major merchant groups that came to dominate the interregional and long-distance trade across the Ming and Qing empires and whose activity created the foundation for the «China trade» with Euro-America. The three groups I review here emerged from Shanxi (northern China), Huizhou, Anhui (central), and Guangdong (southern).

In a forthcoming work, George Zhijian Qiao argues that the Shanxi merchants, from the northern provinces of Shanxi and Shaanxi, known as *Jinshang*, grew to become late imperial China's largest merchant group of all. By 1893, one of the largest groups, the Dashengkui, reportedly held a capital of about 20 million silver taels, about 2/3 the size of the entire empire's land revenue. Qiao argues there were really two versions of the Shanxi merchants. First, in the 1400s, groups from the province's southern half, namely Ze-Lu and Hedong regions, emerged as the «wealthiest and most influential» class of merchants during the Ming. The state had stationed military garrisons in the north to fend off Mongol forces. To incentivize merchants to supply grain, they offered them vouchers to sell salt from the government's monopoly throughout the rest of the empire. This arrangement, known as the *kaizhong* system, attracted merchants from Shanxi, who became contractors for the state and then passed off the salt licenses to their partners, who took over salt distribution networks centered in cities such as Yangzhou. By the sixteenth century, however, Shanxi merchants faced challenges in the salt trade from the merchants of Huizhou, Anhui¹⁶. «By the end of the Ming», Antonia Finnane wrote, the salt capital «Yangzhou had become in many respects a Huizhou city»¹⁷.

The second iteration of the Shanxi merchants emerged during the Qing, from the northern Shanxi areas of Yanbei and Jinzhong. Rather than the coasts, they came to control the borderlands with Mongolia, Manchuria, and the «new territory» of Xinjiang. They introduced a diversity of goods to steppe consumers, including grain, cloth, pots and pans, tools, and wool, in exchange for mules, oxen, donkeys, cow-hides, timber, furs, and herbs. Profits stemmed from the wide

¹⁶ George Zhijian Qiao, *The Rise of Shanxi Merchants: How the Frontier Trade Transformed Chinese Business and Society in the Qing*, forthcoming.

¹⁷ *Ibid.*; Finnane quoted in Qiao.

price differentials between regions. By one estimate, horses purchased from the Mongol borderlands could fetch three times their price in north China; conversely, local southern cloth or tobacco could fetch prices fifty to 400 percent higher in the borderlands¹⁸.

All this was enabled by the expansion of the Qing empire, wherein a Manchu-ruled court integrated «China proper» with Manchuria, Mongolia, Tibet, and Xinjiang in the northwest, joining the commercial networks of the Yellow and Yangzi Rivers with the Inner Asia steppe. The Shanxi merchants were able to create a continent-wide network of trade from the Russian border to Guangdong. They introduced new commodities and invested in new markets, Qiao explains, such as introducing teas from Fujian and Hubei to Russian drinkers; sheep from inner Mongolia to northern Chinese cuisine; and ginseng and fur from Manchuria into China. Shanxi merchant capital was a dynamic force of expansion and wealth creation, asserting control over production if for no other reason that merchants needed to create more supplies themselves in order to satisfy demand.

If the Shanxi merchants dominated the northern and borderland regions, the merchants of Huizhou, Anhui – known as *Huishang* – were pivotal to the early modern commercial efflorescence of Jiangnan. In their authoritative account, Zhang Haipeng and Wang Tingyuan broke down the Huizhou merchants' history into three distinct phases¹⁹. First, most significantly, was the Ming golden age, from 1480 to 1600, when the merchants «spread out like swarming bees» to the rest of the empire. They too owed initial success to the *kaizhong* system, transporting grain to the north in exchange for licenses to deal in salt²⁰. By 1492, this relationship was further commercialized, as the Ming allowed merchants to purchase licenses through silver rather than perform grain delivery. The Huishang benefited most, as they were closer to the major salt sites of the Lianghuai and Liangzhe regions, squeezing out the Shanxi merchants from the trade.

¹⁸ Qiao, *The Rise of Shanxi Merchants*.

¹⁹ Zhang Haipeng and Wang Tingyuan, *Huishang Yanjiu*, Renmin Chubanshe, Beijing 2010, pp. 8-15.

²⁰ Harriet Zurndorfer, *Change and Continuity in Chinese Local History: The Development of Hui-Chou Prefecture 800 to 1800*, Brill, Leiden 1989, pp. 47-8.

Salt then served as a pivot for Huizhou merchants to diversify into other specialty goods. A regional division of labor emerged, with She County focused on salt, Xiuning on pawn brokerages, Qimen on tea, and Wuyuan on timber. «Such specialists were not the first group of merchants», Harriet Zurndorfer wrote, «the small-time, individual traders, but leaders and/or members of large, extensive concerns or multiple partnerships, consisting of groups of kin-related participants»²¹. Zhang and Wang argued that this was not a diversifying landlord gentry class but probably petty merchants and even impoverished workers who used salt as a springboard into large-scale commerce²².

The second notable phase spanned 1620 to 1680, the descent into chaos and the end of the Ming, followed by economic recovery under the Qing by the 1680s. The following third phase lasted until the 1820s, corresponding to the «high Qing» or golden age of the empire. Though most research on Huizhou has focused on the earlier Ming, numbers suggest the massive scale and intensity of activity during the Qing. During the Ming Wanli period (1572-1620), total capital among Huizhou salt merchants was about 30,000,000 silver taels. By the Qing, it was about 780,000,000 taels, or 26 times, roughly equal to the state reserves of silver during the Qianlong period (1735-1796). More generally, Ming sources suggested that a «medium-sized merchant» could claim about 200-300 taels of capital, with the largest around one million. By the Qing, medium capitalization was itself one million taels, and the largest merchants had about ten million²³.

But the relative influence of Huizhou had begun to wane at this time, for the Qing as a whole was growing wealthier and incorporating further into global networks. Commercial travel into Southeast Asia had been documented as early as the eleventh century, but only after the Ming-Qing transition did southern Chinese merchants from Guangdong and Fujian provinces truly integrate themselves with the «southern seas», or Nanyang. Following the Manchu invasion of the 1640s, the new regime spent decades brutally

²¹ Zurndorfer, *Change and Continuity*, p. 132.

²² Zhang and Wang, *Huishang*, p. 24.

²³ *Ibid.*, p. 186. Each silver tael can be calculated as equal to about 37 grams of silver at the time.

pacifying Ming loyalists throughout China. By the 1660s, the last bastion of resistance was on the island of Taiwan, led by Zheng Chenggong (Koxinga). In 1662, the Qing began to starve them out by banning trade along the coasts of the mainland and mandating its population move inland by twenty miles, indirectly leading to tens of thousands of deaths and impacting over 100,000 people²⁴. By 1684, after annexing Taiwan, the Qing restored coastal trade and inaugurated a new phase of interaction with the Nanyang.

Guangdong was the hub of overseas interaction, Robert Marks has documented, drawing in merchants and workers from around the province and neighboring Fujian²⁵. From customs houses along the coast, merchants set off for modern-day Vietnam, Cambodia, Thailand, Burma, Malaysia, and Indonesia, as well as Nagasaki, Japan. The trading relationships, Marks argued, resembled that of the classic European colonial trade, but without state and military backing. Chinese merchants specialized in exporting manufactured and processed goods to Southeast Asia, returning with primary products to fuel a bustling proto-industrial Chinese society. Exports included Chinaware, silk and cotton textiles, metalware, paper, and processed vegetables. Imports included rice, wood, dyes, hides, and raw cotton²⁶. Melissa Macauley has further suggested – contrary to Kenneth Pomeranz's thesis that Europe «diverged» from Asia by exploiting the «ghost acres» of the Americas – that the Nanyang offered a sort of natural slack in the same period, enabling China's economy to dodge the «ecological cul-de-sac» of domestic demographic explosion and resource shortages²⁷.

Years ago, Sucheta Mazumdar first mapped out how the Cantonese sugar trade bound together economic transformations across the continent and ocean. After 1684, Cantonese merchants began to sell textiles to Southeast Asia. Greater demand for raw cotton and silk pushed merchants to Jiangnan, where they could find fibers grown in northern and cen-

²⁴ Melissa Macauley, *Distant Shores: Colonial Encounters on China's Maritime Frontier*, Princeton U.P., Princeton 2021, p. 36.

²⁵ Robert Marks, *Tigers, Rice, Silk, and Silt: Environment and Economy in Late Imperial South China*, Cambridge U.P., Cambridge 1998, chap. 5. Thanks to Ahmad Shokr for the reference.

²⁶ Marks, *Tigers, Rice, Silk, and Silt*, p. 171.

²⁷ Macauley, *Distant Shores*, p. 74.

tral China. They paid for it with sugar, which meant shifting their own agricultural practices away from subsistence rice farming, replaced by rice imports from Nanyang and new world crops such as sweet potatoes and peanuts. These remarkably complex, overlapping commercial networks thus tightly linked Guangdong, Taiwan, Fujian, Jiangnan, Tianjin, Japan, and Southeast Asia²⁸. Such histories force us to rethink Eurocentric accounts of Dutch, British, and Portuguese involvement in China, for European activity was in fact merely «layered on top of the base established by the Chinese coastal and Nanyang trade»²⁹.

By the late eighteenth century, the Qing had institutionalized the infamous Guangzhou (Canton) Cohong merchant monopoly that handled trade with Europe up until the first Opium War (1839-42). The Chinese merchant structure consisted of thousands of individuals, from the Cohong at the top to the buying agents at the bottom, tasked with securing silk, tea, and textiles from countless rural households. They were consolidated from different merchant groups across China, including Shanxi and Huizhou but also from the neighboring Fujian and its coastal cities Zhangzhou, Quanzhou, and Xiamen³⁰. The overseas imprint of the latter can be seen in the predominance of Hokkienese language that is spoken throughout Southeast Asia today. It would be an invaluable exercise to fully map out how trading networks from the Ming-Qing golden age intersected with the era of global trade and imperialism in the nineteenth century.

Most recently, Macauley has spotlighted the diaspora of Chaozhou, Guangdong, on the Fujian border, as one of the most commercially significant groups across Asia. In 1767, Taksin, a half-Chaozhouese official, became king of Siam and employed fellow Chaozhou merchants to rebuild the government and economy. Chaozhou merchants squeezed out Cantonese and Fujianese rivals in Siam, importing finished goods and exporting rice and junk ships back to China. They then spread out to form a «maritime Chaozhou» including Cambodia, Vietnam, Singapore, and the Malay Peninsula.

²⁸ Sucheta Mazumdar, *Sugar and Society in China: Peasants, Technology, and the World Market*, Harvard University Asia Center, Cambridge 1998, p. 301.

²⁹ Marks, *Tigers*, p. 177.

³⁰ Mazumdar, *Sugar*, pp. 302-4.

Backed by syndicates and «secret societies», they controlled important export trades such as opium, pepper, and gambier, a substance used for tanning and dyeing³¹.

Here, it is worth addressing another point of comparability between European and Asian merchant capital. Classic works such as Fernand Braudel and Paul Sweezy highlighted long-distance trade as the specialized realm of capitalism. In this view, Asian activity could be considered «capitalist» only insofar as it involved overseas trade with European companies. However, Kaoru Sugihara has recently pointed out, with an eye on the Nanyang, that in the nineteenth century, long-distance «intra-Asian» trade between South, Southeast, and East Asia was equally formidable. Not only did it outnumber exchanges with Europe at the time but it also accounted for over twenty percent of world trade. Even these figures may be low, for trade *within* the Qing empire could actually entail longer distances than most international activity³². Qiao indicates that the Shanxi trade stretched about 3,000 miles from Mongolia to the southeast. For instance, the tea trade from the Wuyi Mountains – which famously supplied English tastes – was also connected to Russia via Kyakhta, a span of 2,000 miles, about twice the length of the Mediterranean, and three times the distance between Fujian and its major overseas partner, Manila³³. That such trade took place within the same political borders, the multi-ethnic Qing empire, should not blind us to its parallels with the classic stories of long-distance trade by European merchants highlighted in Banaji's *Brief History*.

3. *Toward New Histories of Commercial and Industrial Capital*

In the fifth chapter of *Brief History*, Banaji confronts the Marxist historiographical standby that commercial capital was historically inert because it did not «intervene» into, or was «inexorably subordinate to», industry and industrial cap-

³¹ Macauley, *Distant Shores*, chap. 2.

³² Kaoru Sugihara, *The Resurgence of Intra-Asian Trade, 1800-1850*, in *How India Clothed the World: The World of South Asian Textiles, 1500-1850*, eds. Giorgio Riello and Tirthankar Roy, Brill, Leiden 2009, pp. 166-8.

³³ Qiao, *The Rise of Shanxi Merchants*.

ital. Banaji points out, however, that forms of domestic industry, known as the «putting-out system», represented the first versions of capitalist production «in the strict sense». Under conditions in which domestic workers depended upon merchants for subsistence, the latter effectively «controlled, managed, and coordinated production itself», even if production in its «technical characteristics» was not overhauled entirely. Social transformation was thus subtle rather than revolutionary, what Marx called «formal» versus «real subsumption». However, the exact degree of dependence varied by situation: in some cases, merchants provided all the raw materials; at other times they merely advanced credit and subcontracted work to independent artisans. In sharp contrast to the capital requirements and standardized practices of the industrial era, production under commercial capitalism, Banaji emphasizes, has been characterized by its «flexibility»³⁴.

We can find a similar trajectory of argument in Chinese history. In Mazumdar's meticulous study of sugar, she drew upon the work of Brenner and Philip Huang to suggest Cantonese sugar merchants were not developmental because they «left the peasant producer nominally independent» and immune to pressures to technologically innovate. Mazumdar contrasted them with the Taiwan industry, which, after Japanese colonization in 1895, was revolutionized by land expropriation, new scientific research, and steam-driven machinery, enabling it to surpass its rivals in China³⁵.

Certainly, it is fair to spell out technical differences between a vertically-integrated industry versus a fragmented network. However, Banaji's earlier distinctions between capitalism's essence and appearances suggest the need for a more comprehensive approach. If we relate the peasant production of sugar in Guangdong to the general circuit of accumulation, then it becomes clear how Cantonese merchant capital did in fact actively intervene into labor and production. Even by Mazumdar's own account, commission agents advanced loans to the peasantry and instructed them to grow sugar for faraway markets, providing equipment to crush and boil cane, hiring managers to oversee the process, and undertak-

³⁴ Jairus Banaji, *Brief History of Commercial Capital*, Haymarket, Chicago 2020, pp. 85-7.

³⁵ Mazumdar, *Sugar*, p. 333, p. 393, pp. 368-82.

ing responsibility for transportation and storage. Similar arrangements also shaped Jiangnan silk and cotton and countless other goods in China, including the export tea trades of Fujian and Anhui, which I have written about elsewhere³⁶.

We see similar patterns among each of the major Ming-Qing merchant groups too. The Shanxi merchants specialized in molding iron tools by arranging workshops with hundreds of workers in Lu'an County, making the nearby Yincheng the largest hub of trade in iron goods in China. For local salt production at Hedong Lake, they first relied upon a kind of *corvée* system that, by 1521, was discarded in favor of private employment of waged workers. By then, some 400-plus houses were involved, each hiring about twenty to thirty seasonal workers³⁷. The timber merchants of Huizhou first exhausted forests in Anhui before gradually expanding to central and southern China. At times, they contracted with locals who fell timber themselves, and other times, they traveled through forests and negotiated land rights with natives, hiring hundreds of their own workers. They would even purchase mountain land and fully undertake responsibility themselves for planting, managing, and felling trees. The latter case, Zhang and Wang argued, undoubtedly exhibited «qualities of industrial capital»³⁸.

The clearest examples may come from outside the mainland, in Southeast Asia, where Chaozhou merchants employed a combination of free and unfree, local and migrant workers to work plantations for sugar, rice, fruit, pepper, gambier, opium, and rubber. Siam's sugar industry relied on hundreds of Chinese-owned farms with hundreds of workers each. In the 1820s, they exported about 4,000 tons, to as far away as Arabia and Europe, roughly the equivalent of Jamaica's sugar output in 1700³⁹. Throughout these examples, we see Chinese merchants intervene into commodity production and employ various combinations of waged, independent, and unfree workers based on expediency, exhibiting the «flexibility» highlighted by Banaji. Rather than sort them

³⁶ Mazumdar, *Sugar*, chap. 6; Andrew B. Liu, *Tea War: A History of Capitalism in China and India*, Yale U.P., New Haven 2020, chaps. 2 and 7.

³⁷ Huang Jianhui, *Ming-Qing Shanxi Shangren Yanjiu*, Shanxi Jingji Chubanshe, Taiyuan 2002, pp. 320-2.

³⁸ Zhang and Wang, *Huishang Yanjiu*, pp. 253-63.

³⁹ Macauley, *Distant Shores*, pp. 56-9.

into discrete «modes of production» based upon degrees of «freedom», it is more useful to highlight how particular arrangements were united in their subsumption to circuits of expanding value, along with attendant competitive pressures to intensify production, albeit with uneven results.

Why have past generations of Marxist scholarship dismissed such patterns? Part of the answer can be found in Marx's unfinished chapter on the history of merchant capital. Marx wrote that the major theorists of political economy, Smith and Ricardo, focused on «capital as industrial capital», treating «circulation capital» as a mere «branch» or «phase» of industry. The classic economists were «therefore perplexed by commercial capital as a special variety of its own». But though this dim view of commerce may have been valid «from the standpoint of the capitalist mode of production and its limits» – societies such as Victorian England, wherein capital was concentrated in production – it retroactively concealed a far richer history of merchant activity before industrialization, when it was merchants who were seen as the embodiment of «capital *par excellence*»⁴⁰. To anachronistically project the standpoint of industrial capitalism backward through history constituted, for Banaji, a «logically absurd» and «staggering confusion of history and logic»⁴¹.

I thus see Banaji's *Brief History* as more than a positivist account of the past but also an argument for historical reflexivity. What we notice and choose to highlight from previous eras is indirectly tied to the phenomenal world we experience in the present. Merchant capital was often denigrated by twentieth-century historians fixated on national programs of industry, whether in the name of capitalism or socialism. Today, however, commerce has acquired a new timely relevance, as global supply chains and transnational corporations have once again selectively subordinated production to the power of retail and wholesale agents. Nelson Lichtenstein, for instance, has argued that Wal-Mart's reliance on subcontracting production to petty producers in China has signaled the «return of merchant capitalism»⁴².

⁴⁰ Karl Marx, *Capital: A Critique of Political Economy*, vol. 3, trans. David Fernbach, Penguin Books, New York 1981, pp. 441-4.

⁴¹ Banaji, *Theory as History*, p. 256.

⁴² Nelson Lichtenstein, *The Return of Merchant Capitalism*, in «International Labor and Working-Class History», 81, 2012.

Looking forward, *Brief History* ends by suggesting the value of rethinking the history of industrial capital as well. In Marx's account, Smith was the first true theorist of the capitalist mode of production, able to disentangle the essence of a new system founded on commodified labor from the confusing reality of monopolies, slavery, and subsistence agriculture. Banaji ends *Brief History* by suggesting the same about Marx: although he had identified the logic of large-scale industry, the world economy of the 1860s was still characterized by long-distance trade and imperial extraction. Only in the 1890s did massive, vertically-integrated firms – the world of steel and railroads featured in Alfred Chandler's work – truly «subordinate» commerce to industry, novel phenomena that were «anticipated but never witnessed by Marx»⁴³. As Banaji explained in our December 2020 conversation, Marx had a «remarkable ability of thought to anticipate reality, one which hasn't actually emerged at that stage, as the basis for speculation»⁴⁴.

Here we can locate the possibility for writing a new history of industrial capital as well. Whereas political economy had «encased» production «in eternal natural laws independent of history», as Marx wrote, industry's actual history emerged from the chaotic interplay between production and circulation at the turn of the twentieth century⁴⁵. Rather than viewing the vertically-integrated Fordist factory as a discrete historical stage or absolute break, we can see it as inverting, and thereby retaining, elements of an era when long-distance merchants ruled the world. Further, industrialization also entailed new ideologies that corresponded to it, something Marx highlighted in his continuous running commentary on the history of political economy. Bringing these elements together into a more flexible, self-reflexive, and global history of industrial capital would naturally complement Banaji's broader project to rethink capitalism's history as a whole. What *Brief History* reminds us is that although Marx may not have anticipated the novel recombinations of commerce and industry since

⁴³ Banaji, *A Brief History of Commercial Capitalism*, Haymarket, Chicago 2020, p. 122.

⁴⁴ «Where is the working class?».

⁴⁵ Karl Marx, *Grundrisse*, trans. Martin Nicolaus, Penguin Books, New York 1973, p. 87.

his day, he provided fertile, invaluable tools of analysis that can nevertheless help us make sense of them – as long as we are careful in how we read them.

The Enduring Condescension of Claiming Marxist Orthodoxy

Priya Satia

Jairus Banaji's history of commercial capitalism telescopes a dazzling range of history into a few concise pages. The author's mastery of literature covering ten millennia allows us to see the continuities and shifts in the working of commercial capitalism in global history – and witness the astonishing cosmopolitanism of this enterprise. How easily we forget, for instance, the importance of German and Greek firms in Victorian Britain. Banaji traces the *longue durée* of wholesale trade, the chain of competitive struggles ranging over the Mediterranean and then the globe, from the era of Venetian and Genoese competition, to Dutch and Portuguese rivalry, to the era of British dominance.

His purpose in narrating this story is not simply to show how commercial capitalism shaped our world, but to assemble the theory of commercial capitalism that, Banaji claims, Marx meant to: an exercise in WWMS – What Would Marx Say. Understanding Marx is a worthy scholarly goal of its own, but it remains unclear how it furthers our understanding of the history of capitalism and modernity itself. What do we gain by learning that we can shoehorn history into a recuperated Marxist framework after all? Is this meant to renew faith in the Marxist telos? in the creative power of industrialism and the bourgeoisie? Faith in teleological universalist historicism guided the unfolding of much of world history from the eighteenth century, and we now know the harms it caused¹. It seems curious to resurrect Marx as a practical oracle once again, as though his theoretical framework, shaped

¹ Priya Satia, *Time's Monster: History, Conscience and Britain's Empire*, Penguin, London 2020.

in an era of colonialism and orientalism, has not been subjected to thorough postcolonial critique. One is left with the feeling that Banaji has missed an opportunity here to really interrogate the distinctions between industrial and commercial capitalism and colonial and non-colonial capitalism.

1. *Industry and Commerce*

Banaji launches his story without indicating his purpose beyond the title of his first chapter, «Reinstating Commercial Capitalism». The utterly lovely collection of early definitions of «capital», including a line from the poet Kabir, takes us to a complicated insider complaint about Marxist historians' reticence about merchant capital, due to their failure to grasp Marx's method and twentieth-century stigmatization of the category of «merchant capitalism»². This long Marxist suppression of the idea of merchant capital is «at odds with» the rich literature on the topic from the 1960s in the work of figures like Fernand Braudel and Cain and Hopkins, explains Banaji³. Moreover, Marx himself would not have shunned the idea of merchant capitalists dominating production. In particular, he saw the putting-out system as a «transformation of the merchant into an industrial capitalist»⁴; hence, for him, the redundancy of positing merchant capitalism as a distinct form of accumulation. Later studies mapped a similar overlap, Banaji reminds us, up to Sven Beckert's work on merchants' contributions to industrial capitalism in cotton textiles. Braudel, too, saw industrial capitalism as «largely merchant-dominated»⁵.

Banaji's centering of merchant control over production helpfully counters the sticky traditional Marxist distinction between commerce and production that has blinded many scholars to the very idea of commercial capitalism. The trouble is that if the overlap between commerce and industry is so strong, it becomes unclear what value is added by persisting in differentiating commercial and industrial capitalism. What

² Jairus Banaji, *A Brief History of Commercial Capitalism*, Haymarket, Chicago 2020, p. 3.

³ *Ibid.*, p. 8.

⁴ *Ibid.*, p. 11.

⁵ *Ibid.*, p. 7.

was lost in Marx's presumption of their conceptual redundancy? If both were collapsed into industrial capitalism for him, is there a similar cost to collapsing them now into commercial capitalism? For, it is not clear that the commercial form, Banaji's focus, precedes or is in any way extricable from the industrial variant. Both emerge together in this account.

Banaji's claim for the value-add of the distinction appears later in the book, when he explains that Marx's characterization of commercial capital as subordinate to industrial capital obscured a wide range of industries that worked *for* merchant capital, most especially the putting-out system – «capitalist domestic industries» that were «probably the most widespread form of capitalism for centuries»⁶, peaking in the seventeenth and eighteenth centuries. Such work was dominated by entrepreneurs, traders and exporters who provided workers with raw material and paid them by the piece for the finished product. In short, merchants controlled and coordinated production itself. Such outwork remained important even in the era of factory production from the nineteenth century. Indeed, my own work on the Birmingham firearms industry confirms this story of «concentrated industrial regions that specialized in mass production for export markets»⁷. Entire medieval and early-modern cities, Banaji writes, had «the appearance of “great manufactories”»⁸, but I have found that even as late as the Napoleonic Wars, the British Ordnance Office «turned Birmingham itself into something of a factory» for mass production of firearms⁹. Given how integral commercial structures were to industrial capitalism, can we then draw a meaningful distinction between them? And, if so, what is it?

Whether or not he arrives at a «theory of commercial capitalism», Banaji spells out that this is his purpose only near the end of the book. Invoking Marx's understanding of the British colonial government's advances to poppy growers as «a circulation of capital» for the opium trade¹⁰, Banaji explains that his own theory depends on expanding this observation

⁶ *Ibid.*, p. 85.

⁷ *Ibid.*, p. 87.

⁸ *Ibid.*, p. 88.

⁹ Priya Satia, *Empire of Guns: The Violent Making of the Industrial Revolution*, Penguin, New York 2018, p. 135.

¹⁰ Banaji, *A Brief History*, p. 107.

to acknowledge the importance of advances in other trades, such as those that oiled Indian merchants' supply of cotton for British firms. But again, once we realize how systemically tied commercial and industrial capitalism are, perhaps it is more efficient to consider them a single historical phenomenon. As Banaji notes, Marx saw that the expansion of the market under capitalism makes not only commercial capital grow, but also the capital invested in the shipping, railways, and telegraphs that allow commercial capital to circulate – the industrial infrastructure of capitalism. In the book's final pages, Banaji expresses his main argument: that commercial capitalism mattered in the formation of industrial capitalism. Merchants made the pivotal decisions that shaped the rise of industry; they embodied capitalist modernity. They developed techniques of capital mobilization, and industrial capitalism achieved the concentration of capital. They are thus utterly inseparable phenomena, and Banaji has done a service in showing that – although one remains unsure of who needs convincing of this idea, given current trends in the history of capitalism.

2. *People and Power*

Banaji's second chapter describes the infrastructure of commercial capitalism – how the movements of commercial agents enabled the circulation of capital and entire cities became associated with particular wholesale markets. The stable settlements, or factories, that merchant groups created around the world made «the history of commerce... a rich tapestry of trading colonies that spanned the entire globe»¹¹. Banaji offers glimpses of the Mediterranean, East Asian, Gulf, and South Asian corners of this tapestry, regaling us with stories of merchant networks like the Kutchi Bhattias who dominated trade in Muscat in the nineteenth century, and the «stable presence of a substantial colony of foreign merchants from Cairo and the Red Sea ports» in Calicut from the fourteenth century¹². His discussion of wholesale markets, culminating in the nineteenth-century mass mar-

¹¹ *Ibid.*, p. 15.

¹² *Ibid.*, p. 18.

kets for industrial and consumption goods like teak, jute, rubber, tea, coffee, and wheat, includes the eighteenth-century slave markets of West Africa and New Orleans.

But these categories – of colony and slave – are nowhere interrogated or explained. How and when was slavery a «commercial» activity, how and when were humans commodified? When and how were other natural beings and artifacts commodified? When is a «colony» of merchants merely a group of merchants abroad and when are they exploitative and expropriating «colonizers»? A later chapter on medieval struggles for commercial dominance recounts the epic rivalry between Venice and Genoa over Constantinople. Becoming dominant after 1260, Genoa established a «colony» at Caffa on the Black Sea. Another «colony» at Pera collected massive customs revenues by the fourteenth century. Renewed rivalry with Venice led to three «colonial wars» for control of the Aegean, culminating in division of the sea between them. This «colonization» of the Byzantine empire, Banaji explains, was «the most striking example of a “colonial-style” economy before colonialism»¹³.

But what do these various uses of «colonial» and «colony» and «colonialism» mean? What power dynamics do they encapsulate? Given the importance of race-thinking to modern imperialism, *can* we think of the Byzantine and later instances of imperialism analogically? It's hard to say, for «racism» appears only once in this book, with respect to Greek merchants' attitudes to Egyptians in Alexandria in the nineteenth century¹⁴. We hear in passing, in the context of British domination of the Bengal jute industry, of overt exclusion of non-Europeans from some trade associations, but no explanation of how such practices mattered in the history of capitalism. Banaji does not explain how and when commercial capitalism intersected with or depended on racial capitalism. One thinks in contrast of Francesca Trivellato's recent work on how racial stereotypes emerged in early modern Europe to express the anxieties aroused by commercial capitalism's erasure of legal differences between Jews and Christians through the impersonality of markets¹⁵. Can we

¹³ *Ibid.*, pp. 35-6.

¹⁴ *Ibid.*, p. 83.

¹⁵ Francesca Trivellato, *Which is the Merchant Here? And Which the Jew?*, Harry Camp Memorial Lecture, Stanford Humanities Center, May

think of such dynamics functioning on a larger scale here? In other words, can the spread of commercial capitalism help explain the origins of racial capitalism and the colonialism with which it was enmeshed?

Indeed, Banaji does not spell out the extent to which we ought to think of the spread of commercial capitalism *as* a product of the history of colonialism. Though the book covers the medieval and early modern periods, it touches on the New World only after the Iberian incursion. Is the implication then that merchant capitalism was an Old World (Eurasian/African) phenomenon that Europeans extended to the colonial Americas? or were there Indigenous forms of commercial capitalism, too?

Banaji distinguishes the earlier period of Italian dominance as an era of capitalism based on networks, while the later era was driven «in contrast» by joint-stock companies¹⁶. But this distinction appears overdrawn or under-analyzed, for, networks continued to matter critically in the era of such companies by Banaji's own account. He notes, for instance, that the London merchants who dominated early-modern English trade were a «network of interlocking family relationships»¹⁷. We learn, too, of the continued importance through the nineteenth century of old mercantile networks of Baghdadi Jews, Armenians, Greeks, and other trading communities. Was the difference then one of scale rather than substance? Or that these networks were entangled in the dynamics of racial capitalism?

For Banaji a pivotal innovation of the late nineteenth century was the emergence of manufacturers, like British cotton manufacturers, who exported directly abroad: this was, for Banaji, the first sign of what Marx called the «subordination» of commercial to industrial capital¹⁸, though Marx himself dated this process earlier. Banaji argues that the emergence at the end of the nineteenth century of «an entirely new breed of industrial capital, the capital-intensive vertically integrated firms», eliminated the old-style merchants with their own sales networks. The lines between commercial and industrial

24, 2022, available at: <https://shc.stanford.edu/events/harry-camp-memorial-lecture-francesca-trivellato/> (accessed 26 July 2022).

¹⁶ Banaji, *A Brief History*, p. 48.

¹⁷ *Ibid.*, p. 55.

¹⁸ *Ibid.*, p. 28.

capital were especially blurred, Banaji writes, in the evolution of agency houses into managing agencies and investment groups and the early twentieth-century diversification of agency houses into control of joint stock companies in key colonial commodities like jute and rubber¹⁹. Managing agencies reversed the relationship between trade and industry: «control of industrial enterprise was [...] subordinated to what were essentially trading companies that still earned [...] profit from commissions»²⁰.

Banaji is perhaps hasty here in dismissing Marx's earlier dating of this shift. Even in the heyday of the East India Company (EIC) in the eighteenth century, commercial capital was subordinated to industrial capital. The company was a key source of the contracts for mass goods that drove industrialism in England's West Midlands. It shipped out enormous quantities of woolen and metal exports (including firearms) that crucially stimulated smelting and copper industries²¹. Indeed, the building of its ships was itself a massive manufacturing endeavor critical to Britain's industrial revolution. So, again, we are back to the joint emergence of commercial and industrial capitalism. If the Jardines were pushed out of the opium trade in the late nineteenth century and went into shipping, railways, banking, and insurance, the Galtons of the eighteenth century left the gun trade for banking and other pursuits, too. Banaji does not offer sufficient evidence of a wholly new pattern in the nineteenth century, and here we might simply do best to listen to *What Marx Actually Said*. Indeed, the late nineteenth century saw, if anything, the very self-conscious continuity of eighteenth-century ways in the revival of monopoly charter companies to undertake the colonization of Africa – a mere ten years after the demise of the EIC. Banaji refers briefly to the monopoly charter Niger Company that spearheaded British conquest of West Africa and was taken over by the Lever Brothers company. Does this not evidence continuity rather than discontinuity in the mutual support of commercial and industrial capital?

However new it was, the regime of commercial capitalism over which the British presided until catastrophe

¹⁹ *Ibid.*, p. 67.

²⁰ *Ibid.*, p. 72.

²¹ Satia, *Empire of Guns*, p. 171.

wrecked it after 1913 certainly did make Britain «the only nation whose interests were truly global»²². Banaji is unequivocal that the City's «liberal cosmopolitanism [...] never precluded imperial aggression when [...] required in the strict interests of bondholders, bankers, and the agency houses». It remains unclear then how it differed from the aggressive early-modern state-backed commercial capitalism that is the focus of other chapters.

3. *State and Capital*

One of Banaji's most important arguments is that early-modern merchant capitalism depended on partnership between the state and private capital. This is especially evident, he says, in the Portuguese imperial project from the late fifteenth century. The aggressive force enabled by that partnership, a «commercial and religious war against Islam»²³, was the only way the Portuguese could elbow their way into the tangle of Venetian, Egyptian, and Indian commercial networks of the time. It signaled the launch of a new kind of capitalism reflected in the succeeding eras of Dutch and English commercial dominance. Banaji does not explain how this introduction of force and the competition between European powers that ensued was different from earlier contests, such as the Italian rivalry in Constantinople. How, for instance, did its dependence on the transatlantic slave trade make it different?

Indeed, at other times, Banaji seems to be pressing an argument of extreme continuity: *both* the medieval Italian and early modern Dutch and English forms of merchant capitalism had strong state backing, he notes, without elucidating the evolving nature of state backing. Surely, as state institutions evolved from the seventeenth century, the nature and impact of state backing shifted? Banaji describes how the EIC's «transformation from a purely commercial entity into an imperialist one»²⁴ created a framework for new forms of commercial capital from the late eighteenth century, but

²² Banaji, *A Brief History*, p. 77.

²³ *Ibid.*, p. 41.

²⁴ *Ibid.*, p. 59.

Philip Stern showed a decade ago that it was a «company-state» from the start²⁵. From the outset, Banaji cites Cain and Hopkins's recognition of both «an indigenous, Indian brand» and the «advanced form» of the EIC's commercial capitalism²⁶, without questioning this stadial framework or calling out the substantive difference in what the EIC was doing. If joint-stock companies' trade was aggressive from the start, can we speak of a moment of transformation from commercial to imperialist power, even for the earlier Portuguese and Dutch eras? We are back again at the question of when and how commercial capitalism became colonial. Certainly, the EIC's intense financial and physical control of workers suggests new dynamics at work. The eclipsing of Indian shipping by the early eighteenth century seems to have signaled a far more lasting and devastating kind of rivalry than that between Venice and Genoa centuries earlier.

While Banaji recognizes the importance of merchant capital to industry, and of state backing of merchants, he does not spell out how these things are connected. The missing piece here is state contracts – this is a particular kind of «advance» that was immensely powerful in establishing merchants' reputations in a global economy built on credit. Because Banaji focuses only on textile and carpet industries to illustrate putting-out, he misses the state's important role in backing merchants in many industries. In Britain, wartime state contracts allowed merchants to function in a cash-poor and credit-driven industrial economy. Great merchants and industrialists «preferred the state as a debtor over risking capital in commercial ventures», given the high risk of default and the prospect of political advantage and commercial privileges²⁷. Gunmakers preferred being owed by the state over being owed by private traders. A debenture from the state did not accrue interest, but nor would it vanish with someone's sudden bankruptcy. A merchant known to contract for the state was a lower risk investment; this was the basis of the British system of «Old Corruption». The web of obligations in which state offices were entangled invested even ordinary

²⁵ Philip Stern, *The Company-State: Corporate Sovereignty and the Early Modern Foundations of the British Empire in India*, Oxford U.P., New York 2011.

²⁶ Banaji, *A Brief History*, p. 6.

²⁷ Satia, *Empire of Guns*, p. 173, p. 194.

Britons in preserving the state, stabilizing the post-1689 regime. In short, if, as Banaji says, merchant capital was «totalizing» in securing certain industries²⁸, in many cases, this was because state offices were perennially indebted to it.

Perhaps the biggest conceptual mystery in the end is capitalism itself. When was commerce simply barter, and when was it capitalism? How do these forms of exchange coexist – what should we make of the fact that in the seventeenth century, the Levant Company financed imports with exports of cloth and spices, while the East India Company exported bullion for Indian goods? For capitalism to have a history – to understand how we came to have capitalism and not just capitalists – we need to know when trade was not capitalistic and how it became so. Again, a glimpse into Indigenous economic cultures may have provided some insight. The «vibrant pan-Asian trading system» that Banaji mentions in the book's concluding pages as an omission in his account may also offer some clues²⁹.

But then, if Banaji's focus *is* the European-dominated commerce that produced the colonial dynamics of the modern era, it remains even more mysterious why he tiptoes around imperialism itself. He emphasizes that commercial capitalism's «patterns of economic domination» were «wider than those of imperial control or straightforward colonialism»³⁰, but without defining «straightforward imperialism». Does it then cover nineteenth-century Argentina, which was not a formal British colony, but an arena of informal British colonial control, integrated into the British imperial economy similarly to Australia? Or is Argentina a case of «economic domination» beyond colonialism? When Britain made up trade deficits with «invisibles» – earnings from shipping, insurance, and other financial services that led to the rise of the City – how did this underwrite the colonialism of its commercial capitalism?

In arguing that late-nineteenth-century imperialism marked «a sharp *break* in the pattern defined by Britain's centrality in financial, trading, and shipping services»³¹, Banaji

²⁸ Banaji, *A Brief History*, p. 94.

²⁹ *Ibid.*, p. 119.

³⁰ *Ibid.*, p. 121.

³¹ *Ibid.*, pp. 121-2.

appears, unbelievably, to rehearse the Victorian canard about the «anti-imperialism» of the nineteenth century, long since disproven by Robinson and Gallagher in 1953³². Certainly, in the face of intense national rivalries with Germany and the US after the Second Industrial Revolution of the late nineteenth century, the dynamics of imperialism changed; but it's hard to see how the imperialism of this era was entirely «novel», given its echo, even in its vehicle of monopoly charter companies, of eighteenth-century European rivalries that had similarly led to a rush of formal conquest. The idea that it was at this point that «trade seriously began to be driven by industry» – the «subordination of commercial to industrial capital»³³ that Marx described – is confusing in light of the role of war-related industrialism even in eighteenth-century trade. The concluding observation that there was no British counterpart to French capital's dominance of Indochina's economy, given British capital's enduring dependence on «invisibles»³⁴, is offered without evidence. Wasn't Britain's very preeminence in shipping and insurance itself a function of economic dominance of regions that formerly possessed strong capacities in those fields?

By the twentieth century, Banaji recounts, merchant firms had reached enormous scales of operation. Continued reliance on contractors, or brokers – such as the British Greek firm of the Rallis Brothers working with Indian rice dealers – enabled multiple modes of exploitation of peasant households. But it remains unclear how these dynamics ought to shape our understanding of colonialism in this time. By pointing to the Indian merchant communities that «sustained Britain's imperial grip over India»³⁵, is Banaji making an argument about Indians' complicity in their own subjugation? or about global class solidarities? or about imperial cooptation of and dependence on local elites, who nevertheless themselves remained subject to the logic of racial capitalism?³⁶

³² Ronald Robinson, John Gallagher, *The Imperialism of Free Trade*, in «The Economic History Review», 6, 1953, pp. 1-15.

³³ Banaji, *A Brief History*, p. 122.

³⁴ *Ibid.*, p. 124.

³⁵ *Ibid.*, p. 106.

³⁶ See for instance Ritu Birla, *Stages of Capital: Law, Culture, and Market Governance in Late Colonial India*, Duke U.P., Durham 2009.

One of the book's most important contributions is its description of the channels of circulation through which peasant family labor, «the productive base of most of the produce trades» was subsumed into commercial capital, resulting in the appropriation of «vast amounts of unpaid family labor»³⁷. Banaji's recognition of the role of the state in the rise of the vicious form of capitalism that has come to dominate the world – contrary to neoliberal theories of capitalism – is also enormously important, however undertheorized.

It remains a mystery, however, how these dynamics across time and space proved to be so universal. Why did *these* dynamics become dominant for so long and in so many places? How should we think about causality? Which dynamics were ineluctable, and which – such as the Portuguese escalation of them – contingent? In conclusion, Banaji writes perplexingly that his story shows that «there is nothing inevitable about capitalism», whose emergence depended on states interested in commercial expansion³⁸, evident even in medieval Venice and Genoa. But this very continuity seems rather to support an argument of inevitability. The book ends with the disruption of the integrated capitalist world after 1913, and one also wonders how or to what extent it was reassembled in the crucible of the Second World War and the war-related industry it spurred.

4. *Islam and Modernity*

The book includes an essay in the form of an appendix analyzing the place of capitalism – doubling, for Banaji, as «the culture of modernity»³⁹ – in the Islamic world. He asks why the «commercial, pre-modern... form of capitalism» indigentous to this world did not evolve into a «modern capitalist economy»⁴⁰. But, again, the terms remain undefined – what is a «modern» capitalist economy, and, if it is the exploitative and expropriatory form that dominated the world by 1913, why does Banaji remain committed to language that endows

³⁷ Banaji, *A Brief History*, p. 110.

³⁸ *Ibid.*, p. 120.

³⁹ *Ibid.*, p. 125.

⁴⁰ *Ibid.*, p. 132.

it with a positive valence? And does it make sense to pose this question about a part of the world that, we know, was colonized in the modern period, by the forces of Western capitalism – is that not in itself sufficient explanation?

More troublingly, Banaji's answers to this seeming paradox revert to the terms of historicist condescension that we now know to employ very critically. First, he argues that the Islamic world *lacked* the concept of legal personality necessary to the emergence of corporate solidarity of the merchant class. Secondly, the *failure* of commercial capitalism in the Islamic world was a *failure* of mercantilism – there was no Islamic counterpart to «the West's violent mercantilist expansion»⁴¹. Capitalism was not identified with the state. The absence of aggression is framed here as failure and «non-development». To the reader, this way of writing confusingly seems to imply that such aggression was ultimately «good» for history in that it led to the flourishing of a form of capitalism that (still) promises to engender its own downfall, in the manner Marx envisioned.

Given the existential crisis that industrial capitalism has led us to, building on commercial capitalism's rapacious mass commodification of natural life⁴², while the promised proletarian revolution remains elusive, perhaps these terms are not the most appropriate ones through which to compare the history of «the West» and «the Islamic World»? Perhaps the latter's capacity for pursuing trade without aggression instead offers a vision of what «the West» might have done, to spare the planet and its beings? Why do we not speak of the West's violent capitalism as a case of «non-development» or even «de-development»?

The language in this section – «non-development of capitalism», «failure» to achieve class solidarity – is precisely the language that Dipesh Chakrabarty critiqued as far back as 1992 as a continuation of the historicist imagination that the British invoked to justify colonial rule⁴³. Western historical

⁴¹ *Ibid.*, p. 132.

⁴² Amitav Ghosh, *The Nutmeg's Curse: Parables for a Planet in Crisis*, Penguin, London 2021.

⁴³ Dipesh Chakrabarty, *Postcoloniality and the Artifice of History: Who Speaks for «Indian» Pasts?*, in «Representations», 37, 1992, pp. 1-26; *Id.*, *Provincializing Europe: Postcolonial Thought and Historical Difference*, Princeton U.P., Princeton 2000, pp. 8-9. See also Satia, *Time's Monster*.

models, in all their whiggish, Marxist, or post-Marxist variants, cannot but see the history of most of the world in terms of «lack» – the lack of the right social classes to fulfill the right political roles to make the appropriate historical transitions to lead to the correct telos. After all, habits of historical thought were shaped by the history of empire; history came of age in the hands of Hegel and J.S. Mill, defining «progress» through the rhetorical exclusion of Africans and Indians from that narrative. Hence, Chakrabarty argues, it is difficult to think with historicism, which is based on Enlightenment concepts of universal human experience and secular modernity, to understand change in non-European parts of the world. Its assumptions about the path to modernity inevitably lead us to a conclusion that capitalist transition in other parts of the world has been incomplete or lacking.

Banaji recognizes that in the face of Western dominance nineteenth-century Muslims suffered from a feeling of «stagnation»⁴⁴ and a desperate longing to «catch up». He acknowledges, too, the resentment that arose from marginalization of indigenous capital. But rather than see this as evidence of ideological and cultural colonialism, he extends the depiction of the history of the Middle East as a story of failure – the orientalist idea that scholars have been pushing back against for several generations – and validates the idea that the Muslim world must still catch up! Banaji is interested in nineteenth-century Muslim responses, including the «sense of degradation... bound up with the colonization of the Arab Middle East»⁴⁵, not for what they tell us about the harms and legacies of colonial and racial capitalism, but to connect the dots to the partnership between clergy and propertied classes on which the 1979 Iranian Revolution depended. He then describes how oil severed ties between rulers and merchants in the Gulf, producing a particular kind of capitalism that finally spawned «a modern bourgeoisie» and «prodigious» development in one corner of the Muslim world⁴⁶. The language here again suggests these were positive developments, whatever their environmental and social damage, and it would have been helpful

⁴⁴ Banaji, *A Brief History*, p. 133.

⁴⁵ *Ibid.*, p. 134.

⁴⁶ *Ibid.*, p. 135.

for Banaji to make his stance clear. Rather, he turns to the theoretical paradox that an «advanced» form of capitalism came to coexist with political and religious authoritarianism, which Marx had ruled out. Here, again, his goal is less to make sense of history than to make Marx make sense, to prove the alignment of Marx's theories with empirical reality. What's at stake here is Marx and his relevance, not the fate of the world. But if Marx was simply wrong (however enduringly important), there really is no paradox, and we might instead devote our energies to understanding how to counter the exploitation of the Gulf-brand of capitalism.

The essay concludes with Banaji's critique of Islamism as a manipulation of faith and his affirmation of the vibrancy of anti-authoritarian and subversive Middle Eastern culture – which ensures that Arab and Muslim «cultural modernity» is not the «dead letter» it might appear⁴⁷. This ending, effacing ongoing violent American and European interventions in the region and presuming a universal vision of «modernity» and universal path to it seems like a message in a bottle from another intellectual era – inducing a shudder for its presumed resonance despite all that has since passed.

⁴⁷ *Ibid.*, p. 137.

The Violence of Capitalist Relations

Sheetal Chhabria

In a remarkable article called *The Fictions of Free Labour: Contract, Coercion, and So-Called Unfree Labour* published in 2003, Jairus Banaji pierced through the liberal mystifications of agency and volition that supposedly pertain in contract-based labor regimes. When a contract rather than one's inherited status defines relations between capital and labor, some believe such labor is «free labor» and exists in contrast to the «unfree labor» associated with slavery or bondage that is inherited through generations. But according to Banaji, this distinction between free and unfree labor hides more than it reveals. What's more, that distinction is an effect of the mystification of liberal legalism whereby the legal or juridical status of freedom is substituted for an understanding of the relations of power amongst individuals that remain even within liberalism. This mystification is useful for making modern capitalism appear like an innovation on regimes of labor and servitude that came prior so that in such a telling, coercion and violence are cast as «extra-economic» forces found in feudalism or slavery. Hence, capitalism can appear to dispense with those extra-economic forces and produce value solely on «economic» mechanisms. Through such a distinction capitalism and slavery are separated from each other as distinct systems of value creation. What gets lost by dividing the two through this «bright line approach», as Banaji calls it, is «the fact that *all* wage-labour is subject to compulsion»¹. In other words, this liberal mystification of the contract hides the continuity of violence and coercion that is

¹ Jairus Banaji, *The Fictions of Free Labour: Contract, Coercion, and So-Called Unfree Labour*, in «*Historical Materialism*», 11, 2003, pp. 69-95, p. 87.

necessary to both kinds of labor and all the ones in between.

It is important to challenge this hard distinction between free and unfree labor as Banaji does. Not only legal practitioners or experts, but also social scientists and historians have been keen to fall for this mystification, presuming that there is some fundamental if not categorical distinction between modern regimes of free labor that pertain under capitalism and premodern systems of unfree labor that came prior. Banaji criticizes that «manichean universe where workers are either free or unfree» by building off of a critical review of V.K. Ramachandran's *Wage Labour and Unfreedom in Agriculture*, published in 1990, and Tom Brass' *Towards a Comparative Political Economy of Unfree Labour: Case Studies and Debate*, published in 1999. Whether it is to maintain that bonded labor can never be free or never be capitalist, both works depend on hard distinctions between free and unfree labor. But Banaji warns, «the critique of unfree labour is secured at a price, namely, endorsing the liberal mystification of a «free» bargain»².

Importantly, Banaji roots this criticism of liberal legalism in Marx himself calling Marx «the first significant thinker to have adumbrated the critique of contract»³. Banaji shows that Marx believed for instance, unlike some «vulgar Marxists» after him, that the value or profit created through debt, credit, and even debt bondage, even if they were *called* «interest» or «usury» were not in fact simply interest or usury. Citing Marx, he showed that, «“Interest is just another name for surplus-value”, Marx says of the advances made by usurers (money capitalists) in India»⁴. Critiquing Brass, Banaji notes that Marx actually distinguished between how relations appeared or were represented by the capitalists themselves, as «interest» or «loan», as opposed to what those relations really were, which is forms of labor exploitation. When some scholars continue to call these relations loans or usury, they «move *within* the fetishised appearances that dominate the “everyday notions of the actual agents of production”»⁵. «Loans» given

² *Ibid.*, p. 78.

³ *Ibid.*, p. 75.

⁴ *Ibid.*, p. 85, citing Karl Marx, *Theories of Surplus Value*, Part III, Foreign Languages Publishing House, Moscow 1972, p. 188.

⁵ Banaji, *Fictions of Free Labour*, p. 86, citing Karl Marx, *Capital: A Critique of Political Economy*, vol. 3, trans. David Fernbach, Penguin, Harmondsworth 1981, p. 969. Tom Brass, *Towards a Comparative Political*

out to workers as advances on future labor are certainly not simply debt owed because all involved know that repayment or the extinguishing of the loan would be counterproductive. The truth is these advances and loans will never be repaid and the givers of the «loans» know it. «“Debt”, that is, the depiction of wages as loans, is simply a device to control labour in conditions where the competition for labour is likely to drive up the bargaining power and wages of workers»⁶.

In other words, Banaji advanced what Marx had already recognized, namely, that relations of bondage can and do prevail in capitalist societies that are integral to world capitalism. Banaji’s work rethinking «commercial capitalism», not as simply the sphere of circulation but a system in which merchants intervened in the production process, enabled Banaji to further show how capitalism depends on a variety of labor regimes including slavery and bondage⁷. His work on commercial capitalism related various labor regimes and forms of exploitation to capitalist accumulation, not simply as «articulation», a notion he criticized as too static, but a dynamic system on a world scale with various parts integrating and disintegrating into wholes⁸.

This article builds upon Banaji’s recovery of the unfreedom of capitalist relations in conditions of debt bondage to foreground the violence inherent in capitalism, violence that is not «extra-economic» but fundamental to economic life. This article also examines how reintegrating violence into our understanding of capitalist relations can help us understand how caste relations are coded or «framed out» of what is called «the economy» in capitalist societies.

1. *Nomadism or the Floating Population*

Banaji’s article was dedicated to Jan Breman, whose work on «footloose labor» readers may be familiar with.

Economy of Unfree Labour: Case Studies and Debates, Frank Cass, London 1999, p. 82.

⁶ Banaji, *Fictions of Free Labour*, p. 87.

⁷ Id., *A Brief History of Commercial Capitalism*, Haymarket, Chicago 2020.

⁸ Id., *Theory as History: Essays on Modes of Production and Exploitation*, Brill, Boston 2010, p. 359.

Breman studied laborers in Western India in the 1980s who traveled between industry and agriculture, between countryside and factory towns or cities. He called such laborers «footloose labour»⁹. Such laborers migrated circularly, often seasonally, eager to go anywhere in search for livelihood. Such laborers often found themselves in relations of debt bondage in agrarian and urban economies, debt that could carry through generations.

While Breman's work is about «footloose labour» in the 1980s, labor nomadism was prominent even in the 19th century when Marx observed it and in colonial India when officials complained of the vices of what they called «the floating population». In discussing this Breman said, «Debt is manipulated as an instrument of coercion». But Breman distinguished between prior forms of debt bondage and the newer ones emergent in the 1970s and 80s. The more recent variety, he claimed, was more monetized and less personalized, unlike prior forms where systems of patronage may have «provided some protection and a subsistence guarantee, however meagerly defined, to bonded clients in the past»¹⁰. We should note though that Breman's speculation that in prior systems some form of subsistence would be more likely to be secured is not necessarily true.

In fact, Marx had already criticized what he called «nomadism». In Chapter 25, of *Capital*, Vol. 1, *The General Law of Capitalist Accumulation*, Marx advanced an important argument about «the influence of the growth of capital on the fate of the working class» and how and when the growth of capital can result in a decline or rise of wages. Marx discussed the difference between a growing accumulation of capital in the face of a diminishing supply of laborers which caused the wages of labor to rise in contrast to conditions which caused wages of labor to decline. The «nomadic population» was exemplary of the latter: «a group of people whose origin is rural, but whose occupation is for the most part industrial... the light infantry of capital, thrown from one point to another according to its present needs»¹¹. Such labor was emplo-

⁹ Jan Breman, *Footloose Labour: Working in India's Informal Economy*, Cambridge U.P., Cambridge 1996.

¹⁰ *Ibid.*, p. 169.

¹¹ Marx, *Capital*, vol. 3, p. 818.

yed in the nineteenth century for building, brick-making, lime-burning, railway-making, drainage extensions, and other similar occupations. The problem with this group from a governmental viewpoint was that the nomadic laborers were vectors of disease, carrying cholera, typhoid, small pox and other contagions. Such laborers lived in camps, sometimes hutment areas provided by employers, sometimes makeshift settlements near sites of work. In other words, already by the nineteenth century, nomadism in labor was a result of privatization of land and industry.

What's interesting is that even then, the provision of housing or shelter, no matter how unsanitary, was a means by which employers deducted wages. In other words, by providing housing the capitalist then and now paid an even smaller wage. Marx discussed workers in mines of coal or otherwise who received payment «in kind» either in coal or cottages. Those that didn't, received small wages instead. Citing a health inspector who visited a mining village or colliery, Marx showed:

«All colliers are bound» («bound», an expression which, like «bondage», dates from the age of serfdom) 'to the colliery lessee or owner for twelve months [...]. If the colliers express discontent, or in any way annoy the «viewer», a mark of memorandum is made against their names, and, at the annual «binding», such men are turned off [...]. It appears to me that no part of the «truck system» could be worse than what obtains in these densely-populated districts. The collier is bound to take as part of his hiring a house surrounded with pestiferous influences; he cannot help himself, and it appears doubtful whether anyone else can help him except his proprietor (he is, to all intents and purposes, a serf), and his proprietor first consults his balance-sheet, and the result is tolerably certain. The collier is also often supplied with water by the proprietor, which, whether it be good or bad, he has to pay for, or rather he suffers a deduction for from his wages¹².

The expression, «he is, to all intents and purposes, a serf» revealed the way in which relations of dependency endured even under nineteenth-century «industrial labor» rather than being replaced by it. So as we can see, rather than subsisten-

¹² Id., *Capital: A Critique of Political Economy*, vol. 1, trans. Ben Fowkes, Penguin, New York 1990, p. 821.

ce being provided in this prior system of bondage, relations of serfdom or bondage were no less monetized or impersonal historically as they were in the 1980s. The aim from the point of view of the capitalist employing them in the nineteenth century was to minimize the cost of the housing and shelter as well as the wage spent on labor. So the employer spent as little as possible on housing such laborers and hence the crowding, density, and unsanitary conditions increased the chances of disease spreading. What was achieved was immense labor control since which worker could afford to be insubordinate without sufficient wages nor a place to stay? The provisioning of house sites was a form of bondage, a way to control labor.

This «nomadic labouring population» was also found in colonial India and similarly mired in relations of shelter and housing by industrial and agrarian employers¹³. While some believe it was the American Civil War that propelled Indian capitalism, routes of mobility influenced Bombay's interiors even prior to the cotton boom of the 1860s. Processes of capitalist accumulation were transforming not just cities like Bombay but beyond Bombay's city limits, into the Konkan, Karnatak, Thane, Kolaba, and even further into Gujarat and Rajputana. These processes included the making of masses of people who utilized their labor wherever it would take them. Land alienations were a result of policies of improvement that sought greater output from cultivation. Peasants and laborers became indebted as they strove to earn their way and meet those expectations of cultivation.

Bombay was the densest city of the British Empire and that human density born of this floating population that could spread disease and illness which always kept health inspectors concerned. Of the entire population in the city in 1881, only 27.76% of the population was born in Bombay, less than the 31.13% born in Bombay in 1872. Migration accounted for the majority of the population: 16.32% were from Ratnagiri, 8.92% from Poona, 5.87% from Satara, and 5.86% from Cutch¹⁴. Just from these four regions, which were the highest of all sending regions, came

¹³ Sheetal Chhabria, *Making the Modern Slum: The Power of Capital in Colonial Bombay*, University of Washington Press, Seattle 2019.

¹⁴ *Census of Bombay City*, 1881, *Maharashtra State Archives*, p. 61.

more than one-third of Bombay's inhabitants. In 1881, when an outbreak of cholera added to the city's troubles, it was thought to have been brought about by this mobility, especially by those from Ratnagiri. Fifty percent of those affected by cholera were from Ratnagiri, which officials thought was attributable to the «indigent condition of those attacked – the majority being poor, mostly a poor class of labourer – and defective sanitary conditions under which they live». Of those 50% Ratnagiri-born residents who became affected by Cholera, more than three-fourths died. In 1872, there were 56,879 people in Bombay born in Ratnagiri, while in 1881 there were 126,190 people in Bombay who were born in Ratnagiri¹⁵.

The people who migrated to Bombay were embedded in what Banaji and other scholars have recognized as a «chain of operations»¹⁶ extending from the peasantry in Bombay's hinterlands, into the city, outwards to ports across the Ocean, to the City of London, and beyond into Africa, Middle East, and Americas. At each step of the way, changes in one location affected everyone from the smallest producer to the largest landholder, and all the merchants and transactors in between, but it didn't affect them equally. Even Marx had seen something here that was a specific kind of transition, saying «In India, for example, the capital of the usurer advances raw materials or tools or even both to the immediate producer in the form of money»¹⁷. The monetary loans which village moneylenders gave to cultivators, *ryots*, were for the cultivators, a temporary source of livelihood. Such loans may have worked to keep cultivators tied to moneylenders and landlords, but seen from the point of view of the cultivator and debtor, as Banaji argued, the advances on their production in anticipation of the upcoming harvest functioned as a wage. Officials saw in such relations increased forms of bondage and tenancy between usurers/moneylenders and farmers. Distress sales of land were cast as results of too much debt or exorbitant rates of interest which had no checks in the offici-

¹⁵ *Municipal Commissioner's Report of the City of Bombay*, 1881, *Maharashtra State Archives*, p. 353.

¹⁶ Jairus Banaji, *Capitalist Domination and the Small Peasantry: Deccan Districts in the Late Nineteenth Century*, in «Economic and Political Weekly», 12.33-34, 1977, p. 1384.

¹⁷ Marx, *Capital*, vol. 1, p. 1023.

al government. There is no doubt that interest rates were too high. Private moneylenders could get away with exorbitant rates when there was no oversight, regulation or limits to the desperation felt by cultivators. Thus, for the last few years of the 19th century, the British Crown was trying to stabilize the lending rate and monopolize and centralize banking. But the important point was that these were not simply loans or usury but a kind of wage, as Banaji powerfully argued, piercing past the mystification of the capitalists.

Seeing such indebtedness as a wage should reveal to us that seasonal migrants were not awaiting urban industry to rescue them from forms of bondage supposedly characteristic of the countryside. While there may have been periods of higher wages for mill work as opposed to casual laboring throughout the city, we have no evidence of how much construction workers¹⁸ made or how much petty tradesmen profited from their minor trades. At least up until the 1910s, mill work did not necessarily mean greater job security nor did it mean freedom from relations of patronage or bondage. Working at a machine or with one's own hands amounted to similar choices between opportunities and constraints. Usury and indebtedness were common features of the production process; small peasants often took advances in order to buy the materials necessary for cultivation. As Banaji also showed, the advances were not simply the buying of a commodity in advance of its production but were input of capital in money form into the production process¹⁹. Thus through forms of a wage in debt, producers were dependent on outputs of capital from merchants and moneylenders.

The promises of mechanization were often overstated by industry's boosters who were sometimes colonial officials and sometimes Bombay's industrial leaders. But the migrant could not have faith that a machine alone would increase the standard of living nor their freedom. As far as the most

¹⁸ Ian Kerr, *On the Move: Circulating Labour in Pre-Colonial, Colonial, and Post-Colonial India*, in «International Review of Social History», 51, 2006, Supplement, pp. 85-109. Kerr discusses both the difficulty in assessing the working conditions of construction workers and the regional groups such as *banjaras* who were known to provide labor whenever infrastructure projects were undertaken.

¹⁹ Banaji, *Capitalist Domination*, pp. 1389-92.

dependent migrant was concerned, his livelihood was already in the form of a wage, and he paid it all almost in entirety to his employer, sometimes even the very same person in the countryside as in the city. Harvest season called him to his village while manufacturing or the commercial season called him to his home in the city. In the village, he shared his dwelling space with his extended family, a large network of kin relations including his wife, children, parents, etc.; in the city, he shared his dwelling with fellow urban laborers who used their status as sojourners to enhance their income as much as they could²⁰.

Such relations of bondage and debt, often tied to nomadism and footloose labor, were all invisible to contemporaries of the nineteenth century who bought into the mystifications of free labor and the language of capitalists. However, by piercing through that mystification, Banaji allowed scholars to explore the very specific and concrete relations of capitalist production, full of unfreedom and coercion, that was the actually prevailing form of capitalism in colonial India as elsewhere. Such relations of bondage were not exemplary of a prior form that was on its way to becoming free labor²¹.

2. *Conclusion: Caste and the «Framing In» of Freedom into «The Economy»*

Banaji's critique of the complicity in the mystification of freedom in «free labor» was and is certainly an important intervention. Maintaining hard distinctions between free and unfree labor often provides cover to the immense coercion and violence of the wage relation. The truth is wage labor is coerced and compelled even as workers may «choose» to put themselves in the exploitative conditions of selling their labor power to produce surplus value. What's more, for capitalism as a whole, it takes an immense amount of force, violence, and coercion to produce and maintain what are framed as «free markets» in labor.

²⁰ Most migrant laborers in this period were male. The *City of Bombay Census Reports* (Maharashtra State Archives) show this.

²¹ Banaji has explored this and other themes fully in his essays, many of which are collected in Banaji, *Theory as History*.

But by pointing to the violence and coercion of wage labor, Banaji and others also risk collapsing the distance between juridically sanctioned slavery and the coercion inherent in «free» labor markets. In other words, by critiquing the freedom of the wage, is there *any* distinction left between legal slavery and coercive wage labor? Or should we understand that in the nineteenth century slavery was similar or even the same as free labor because of the latter's coercive elements? To enforce the exploitative mechanisms of value extraction from labor, free or unfree, coercion and violence are always necessary, this much is true, but what to make of perhaps *the almost guarantee* that violence will be used through appeals to race, caste and ritual status in systems of slavery and caste-based domination of landless laborers, a guarantee that does not exist in all forms of wage labor? In other words, is it worth analyzing the distinctions of the experiences of juridically sanctioned and legal slavery or religiously sanctioned caste-slavery, or are the differences simply a matter of degree and not of kind?

Another way to pose this question is the way the Rupa Viswanath does in her powerful piece, «Rethinking Caste and Class: “Labour”, the “Depressed Classes”, and the Politics of Distinctions, Madras 1918-1924». There she explores and historicizes what is meant by the term «labor» and whether it is caste or class that determined the meaning of the term «labor» in colonial Madras. What she demonstrates is that it was mainly upper caste landowners, protectors of caste-slavery, who were reacting against colonial and missionary reform efforts, who sought to disentangle caste and class. Such upper caste reactionaries argued that caste was ritually sanctioned and that the labor practices that prevailed amongst untouchables and low-castes were simply «labor in general» rather than peculiar to the caste system. By making this distinction, they could stall caste reform and maintain a supply of cheap labor. They were of course not Marxists and so did not see a problem with this fact of labor in general being exploited; rather they argued their particular practices of labor discipline and control should not be singled out for reform. She asks about these «descendants of hereditarily unfree labourers» who supplied the bulk of the Presidency's labor requirements and were referred to in this period as Adi-Dravidas. «*Should they be construed as ritually*

disadvantaged caste subjects who also happened to labour, or as paradigmatic labourers who were also subjected to caste discrimination?»²² [italics mine].

Just as Marx had observed about collieries, agrarian capitalists in the colonial Madras Presidency were in the practice of «buying» labor for makeshift and unsanitary shelter rather than provisioning a wage that would allow laborers to procure their own shelter. Provisioning shelter insured labor docility. Reform minded colonial officials and missionaries sought to intervene in the provisioning of housing by creating cooperative credit societies or even providing house-sites to untouchable laborers thereby disentangling the relations of dependency between untouchables and their landlords, upon whom they were otherwise doubly dependent, both for wage and for shelter²³. But to protest this, upper caste landlords argued that their use of housing as payment and as a way to reduce their own costs of production was a modern labor practice just like the kind their industrial counterparts practiced. In fact, these landlords were right. It had become commonplace for some of the largest industrial magnates out of Bombay, Madras, and Karachi to provision shelter in exchange for purchasing labor power²⁴. In this way, both agrarian and industrial labor forces were kept in relations of bondage. It was, although the landlords did not cite Marx, just what Marx had observed and criticized as we saw above. Viswanath explains how *mirasidars*, uppercaste landlords explained that Panchama laborers lived in housing owned by their employers in a manner identical to many industrial workers; mirasidars' ownership of house sites was therefore only «a rational organization of labor», akin to factory labor, even when its ancient origins might obscure that fact²⁵.

²² Rupa Viswanath, *Rethinking Caste and Class: «Labour», the «Depressed Classes», and the Politics of Distinctions, Madras 1918-1924*, in «International Review of Social History», 59, 2014, pp. 1-37, p. 2.

²³ *Ibid.*, p. 9.

²⁴ See the important chapter 11 by Vanessa Caru, *A Powerful Weapon for the Employers? Workers' Housing and Social Control in Interwar Bombay*, in *Bombay before Mumbai: Essays in Honour of Jim Masselos*, eds. Prashant Kidambi, Manjiri Kamat and Rachel Dwyer, Oxford U.P., New York 2019.

²⁵ Viswanath, *Rethinking Caste and Class*, p. 15.

What landlords further argued was that the caste relation was a cultural phenomenon, even religious, and therefore merited no intervention by officials. The fact of having to live in landlord provisioned house-sites or being dependent on the landlord in ways that were insurmountable was a fact of labor in general, not peculiar to caste, the colonial era landlords claimed. In this way, landlords argued that caste was not modern but the labor relation was modern, thereby separating caste and class and obscuring the materiality of the labor dynamics that are an important basis of caste *and class* reproduction²⁶.

But what are we to make of this? It is certainly important to argue against the landlord and uppercaste line of reasoning that the provisioning of stigmatized housing to untouchable landless laborers is *not simply* a labor practice but *also a practice of caste discrimination*. And yet might it be less useful to argue that segregated untouchable housing colonies are categorically distinct from segregation in general? Is it necessary to confront capitalism «in general» and caste «in particular» in order to overcome segregation? These are questions that are hard to answer without remembering that caste discrimination as housing segregation is historically sedimented, practiced for so long, and yet not a transhistorical «cultural» phenomenon.

It might be the case that we have to analytically disentangle race and class or caste and class in order to see how bondage manifests in specific situations of capitalist exploitation and how racial or caste identity is reproduced²⁷. For instance, in colonial Bombay, some migrants found opportunities when they arrived in Bombay and yet others found themselves stigmatized as they took up new occupations. When officials noted that increases in the lowest castes accounted for much of the increase in population between 1872 and 1881 in the city of Bombay, this could not be accounted for by social reproduction and migration of low caste communities alone. Dheds and Mhars were twice as numerous in 1881 as in 1872, and Chamars, leather workers, increased three-fold²⁸.

²⁶ David Mosse, *The Modernity of Caste and the Market Economy*, in «Modern Asian Studies», 54, 2020, pp. 1225-71.

²⁷ Adolph Reed, Jr., *Unraveling the Relation of Race and Class in American Politics*, in «Political Power and Social Theory», 15, 2002, pp. 265-74.

²⁸ *Census of Bombay City*, 1881, *Maharashtra State Archives*, p. 41.

It is hard to imagine that such an increase did not index the creation of new identities amongst downwardly mobile migrant communities. Those who took up the occupation of working leather in the city could come to be called Chamars, for example²⁹. It also isn't clear what the status of different caste groups was and what officials meant by noting that some groups were «materially prosperous». The census writer for the 1911 census of the city of Bombay, when accounting for the growth of the certain outcaste communities, said:

The Mahars, Holiyas or Dheds, who represent the untouchables under names which vary according to the locality from which they come, are third on the list with 58,000. They fall into two classes, the Surati Dheds who earn a living as butlers and hamals to the European community and those from the Deccan who work as mill-hands. Both of these classes are rising superior to the position to which they have been relegated by the Code of Manu. They have increased 11,000 or 23% and are in addition materially prosperous³⁰.

Spatial and social mobility seemed to be the rule at least prior to the first world war. Such mobility drove the construction of the city of Bombay. But was this an instance of downward mobility by caste and yet relatively upward mobility by class? Or are we better off understanding it as caste-ized labor regardless of its monetary effects?

So what then determines the status of laborers, is it a class status or one determined by caste? The phenomenon of debt bondage, discussed both by Banaji and rooted in Marx, i.e. the feature of some loans to remain as debts-in-perpetuity, was an important basis for caste-based exploitation of labor in rural India. It is widely known both amongst the givers of the «loans», often upper caste landlords and moneylenders, and landless laborers who receive such loans, that this debt is never to be repaid. This debt-in-perpetuity is the material basis for the caste relation in rural production, handed down through generations and the basis upon which a landlord can ensure labor on their land. That it has most often been Dalits or untouchables who remain in intergenerational relations of debt

²⁹ Ramnarayan S. Rawat, *Reconsidering Untouchability: Chamars and Dalit History in North India*, Indiana U.P., Bloomington 2011.

³⁰ *Census of Bombay City*, 1911, *Maharashtra State Archives*, p. 33. Also see chapter 2 in Chhabria, *Making the Modern Slum*.

bondage is not a coincidence, rather it is the material basis of untouchability, caste exploitation, and landless labor³¹.

What might be the problem is that the perpetuation of unfreedom is so often framed out of «the economy» proper that it becomes difficult for scholars and analysts to connect the accumulation practices entailed in manual scavenging, for instance, with industrial or agrarian capitalism. In other words, it becomes difficult to connect caste-based exploitation as central to capitalism *on the whole*. Framing violence out of «the economy» is what makes markets appear simply as markets, devoid of the personal, affiliative, aggressive, and violent pressures that make labor and resources available in the first place.

Too often, contributions by feminist thinkers on Marxian questions often get overlooked in discussions of capitalist transformation and history. But is it possible to ignore their contributions and yet produce a critique of capitalism worthy of our 21st century times? While many cite Engels' critique of the family form in *The Origin of the Family*³², feminist Marxists of today go far beyond this, critiquing the very fact of «the economy» itself³³. Perhaps the most powerful critique of capitalism and the capitalist economy is that, simply put, there is no such thing. Scholars who begin by assuming there is something called «the economy» and another thing called «culture» or «the household», «Risk reproducing the invisible hand»³⁴ and thereby «confusing capitalism with some imagined, overlaying economic logic». The economy as opposed to the cultural or the household is made through historical encounters, in other words, «Historical encounters make structures rather than the other way around»³⁵.

³¹ Anand Teltumbde, *Republic of Caste: Thinking Equality in the Time of Neoliberal Hindutva*, Navayana, New Delhi 2018; Rupa Viswanath, *The Pariah Problem: Caste, Religion, and the Social in Modern India*, Columbia U.P., New York 2014.

³² Friedrich Engels, *The Origin of the Family, Private Property, and the State*, Electric Book Co., London 2001.

³³ Timothy Mitchell, *Fixing the Economy*, in «Cultural Studies», 12, 1998, pp. 82-101.

³⁴ I would like to thank Tanmoy Sharma for pointing me to this article: Laura Bear, Karen Ho, Anna Lowenhaupt Tsing, Sylvia Yanagisako, *Gens: A Feminist Manifesto for the Study of Capitalism*, in «Theorizing the Contemporary, Fieldsights», 2015, <https://culanth.org/fieldsights/gens-a-feminist-manifesto-for-the-study-of-capitalism/> (accessed 9 September 2022).

³⁵ *Ibid.*

It is therefore incumbent upon critics and analysts to include that violence in the analysis and force back into the frame of «the economy» all the ostensibly «irrational» and «pre-modern» forces. Bringing those forces back in allows us to do at least two things. For one, it pierces the veil of juridical order as a project based solely on letters and laws. Second, it enables laborers, both nominally free and unfree, from seeing their condition as being in common but separated out by those who benefit most from projects of accumulation and economic growth. Cedric Robinson, to whom the theory of racial capitalism is most credited, put it best when describing how «the greatest march in economic growth in human history» after the American civil war was accomplished. He explains:

They would do it with the aid of, and at the expense of, labour, white labour, Chinese labour, European immigrant labour, female labour, rewarding them differently by race, sex, national origin, and social class, in such a way as to create separate levels of oppression – a skillful terracing to stabilize the pyramid of wealth³⁶.

Likewise in colonial and postcolonial India, coercion through the provisioning of housing and purchasing off low-caste laborers through reservations has been very effective in dividing the working classes. The common trajectories of downward mobility characteristic of racial capitalism as a whole are mystified rather than revealed through such separations.

There is no doubt that capitalist relations, even when juridically sanctioned as contractual, voluntary or «free», contain coercion, force, and violence, even if those latter are concealed or hidden from the purview of what counts as «the economy» or true capitalism. It takes force of some kind or the other to make markets work. Whether it is the force of collusion by capitalists, the force of violence or the threat of violence by the allying of capitalists and the state, the force of the selective application of the law to protect certain property rights over others so as to drive people into the labor market, the forcible dispossession of landholders to produce the land and landlessness upon which urban renewal and develop-

³⁶ Cedric J. Robinson, *Black Marxism*, The University of North Carolina Press, London 2000, pp. 185-240.

ment depends, the force and violence of withholding shelter, or the retaliatory violence and policing against untouchables for daring to overcome their caste status³⁷, violence and force are central to making markets appear as rational and free.

³⁷ Anand Teltumbde, *The Persistence of Caste: The Khairlanji Murders and India's Hidden Apartheid*, Navayana, New Delhi 2010.

Rethinking Capitalism's History: A Response

Jairus Banaji

I'd like to think of *Brief History* as an example of how Marx's theory can be developed; to begin with, of how it can be used to undermine standard Marxist readings of both capitalism and its history, destroying the spell of orthodoxies that have led nowhere. Tedesco is quite right to note that «the book never formulates a rigid definition of what commercial capitalism is or is not». Perspectives that encourage fresh thinking about capitalism's history would do well to treat definitions as provisional syntheses of the current state of research in this field. This research, of course, is unevenly developed, with, on one side, a vast and often substantial bibliography spanning several centuries of European history, and, on the other, the still largely embryonic field of the economic history of Islam (at least outside contemporary works in Arabic that I am not familiar with), and studies of Chinese economic history of the kind mobilized by Liu falling somewhere between those poles.

I set out to write a «brief» history. I visualized this as a methodological challenge in the sense that brevity would mean a condensed account and this in turn would work in a Hegelian way as involving decisions about what was and wasn't *essential* to such a history of capitalism. Some reviewers have simply not taken this on board and wanted *Brief History* to cover almost everything that a history of capitalism (sic) and its cultural, economic, and technological environments should deal with. But those decisions were also partly contingent on the nature of the sources available. In his introduction to this collection, Tedesco writes that «Banaji does not always make clear how commercial capitalism violently impacted and remade the social life of people subordinated to it».

Two points about this; there *is* an extended reference to the impact of the Portuguese on Malabar's Muslim communities¹, yet the point worth making here is that this was only possible because of an invaluable contemporary source, Ahmad Zayn al-Din's *Tuhfat al-mujāhidin* (c. 1584), a voice from within one of the several communities affected by the intrusion of colonial power². Rehearsing the brutalities of colonialism without also seeking out sources that map those from within, as this source does, seems pointless³. Secondly, the wider underlying assumption that colonial regimes embodied an «all-embracing domination», one that comprehensively reshaped the lives of the colonized, is simply untenable. Not only does this deprive the mass of «subalterns» of any agency of their own, it misreads the capacity and reach of the colonial state itself⁴. Moreover, no history of the emergence of Indian capitalism would be possible on the assumption of an omnipotent colonial presence/force that was not crucially dependent on local networks⁵.

In Howell's valuable essay on the economic behavior of early-modern merchants, I agree with the claim that the merchant capitalists typical of Europe in 1400-1700 «were not embryonic forms of the industrial capitalists to emerge later in European history». Certainly, no «linear narrative about the development of industrial capitalism» is implied or suggested in my book. Even a cursory glance at the last quarter of the twentieth century shows how untenable such a narrative is even when industrial capital dominates world

¹ Jairus Banaji, *A Brief History of Commercial Capitalism*, Haymarket, Chicago 2020, pp. 41-2.

² Sebastian R. Prange, *Monsoon Islam: Trade and Faith on the Medieval Malabar Coast*, Cambridge U.P., Cambridge 2018, who makes extensive use of this source, pp. 110-2 (background), pp. 141-3 (Portuguese brutalities), pp. 143-9 (Zayn's history), pp. 187-9 (on Muslims in Calicut's maritime trade).

³ Nathan Wachtel, *The Vision of the Vanquished: The Spanish Conquest of Peru Through Indian Eyes*, transl. Ben-Siân Reynolds, The Harvester Press, Hassock 1977 (orig. ed. Paris 1971), p. 8 «sets out to «make a clean break with the European tradition» by trying to capture the trauma of the Spanish Conquest of Peru through folklore and collective memories.

⁴ Frederick Cooper, *Colonialism in Question: Theory, Knowledge, History*, University of California Press, Berkeley 2005, p. 50.

⁵ See Jairus Banaji, *The Resilience of Indian Capital*, in *Merchants in the Business History of India*, eds. C. Goswami, G. Nadri and T. Roy, Oxford U.P., New Delhi (forthcoming).

economy, given that the competitive decline of large, Chandler-style, American corporations⁶ and the internal restructuring of U.S. retail⁷ would between them have major consequences for the shape of the economy that emerged by the close of the century, one which, with its supply chains and sweatshops, is even described as the «return» of merchant capitalism. The general point here is that in any case the «transition» from commercial to industrial capitalism is not located at the level of individual capitals.

The most interesting section of Howell's paper is the one where she suggests that «the “collusion between commerce and State” began not when states sought control of commerce but as merchants themselves found a way to use the state to gain such control». The major route to this, she argues, was through government finance. But it's worth noting that this practice of acquiring monopolies in return for financial help was part of a much earlier tradition which has Byzantine precedents. For example, Byzantine rulers sold the hugely lucrative alum monopoly to a succession of Genoese merchant families for close to two centuries, once Constantinople reverted to Greek rule in 1261 and Genoa found itself in favor. Finally, Howell's comments on the Dutch merchants and the cohesion that was vital to their success are invaluable.

The «longer history» of commercial capitalism that Bondioli seeks to map out is precisely the way forward and would make these sorts of entanglements and resonances more visible. But how much longer should the long history be? In the essay that introduces the third, commercial volume of *Società romana e impero tardoantico*, Andrea Carandini wrote

Let me conclude by saying that commercial capitalism has a sufficiently long history (one that Marx was aware of) and that the Mediterranean in the Roman period was the theatre where it was first rehearsed before we ever come to thirteenth-century Italy. The Renaissance was the rebirth not just of in-

⁶ Alfred D. Chandler Jr., *The Competitive Performance of U.S. Industrial Enterprises since the Second World War*, in «Business History Review», 68, 1994, pp. 1-72.

⁷ Edna Bonacich, Jake B. Wilson, *Getting the Goods: Ports, Labor, and the Logistics Revolution*, Cornell U.P., Ithaca-London 2008 (a brilliant book).

tellectual and artistic traditions but also of ancient commercial capitalism itself⁸.

This passage is interesting for two reasons; first because Carandini thought the Roman Mediterranean was where we should locate the first flowering of the kind of organized commerce he describes as «commercial capitalism». (Large-scale commercial enterprises were well established by the late Republic and dominated by the trading dynasties, «businessmen-cum-traders» in Tchernia's description, who operated out of centers such as Puteoli and Alexandria)⁹. And secondly, of course, he sees the medieval expansion of international trade as the *resumption* of a movement that had declined by the early middle ages. So certainly, those infrastructures «all have deeper roots» than *Brief History* might suggest, but disentangling them means confronting the task of writing a history of commerce straddling the whole of Europe, Africa, and Asia over the first millennium and a half and integrating a very wide range of sources in a coherent way. If there are no obvious models for such a history, there are numerous ideas strewn across the existing scholarship that could be used as the scaffolding of such an agenda – the changing fortunes of maritime regions (Braudel)¹⁰, the integration of massive economic zones (Maurice Lombard on Islam's expansion)¹¹, the existence of «key economic areas» (Ji Chaoding)¹², the presence of «capitalistic sectors» dominated by commercial and banking capital in societies that are not otherwise capitalist (Rodinson)¹³, to name just a few, and now Bondioli's own immensely suggestive model of the different ways in which

⁸ Andrea Carandini, *Il mondo della tarda antichità visto attraverso le merci*, in *Società romana e impero tardoantico*, vol. III: *le merci, gli insediamenti*, ed. Id., Laterza, Rome 1986, pp. 3-19.

⁹ André Tchernia, *The Romans and Trade*, transl. James Grieve, Elizabeth Minchin, Oxford U.P., Oxford 2016, pp. 38-67.

¹⁰ Fernand Braudel, *The Mediterranean and the Mediterranean World in the Age of Philip II*, I-II, transl. Siân Reynolds, Collins, London 1975 (or. ed. 1972), pp. 146-8.

¹¹ See Jairus Banaji, *Exploring the Economy of Late Antiquity*, Cambridge U.P., Cambridge 2016, p. 207.

¹² Ch'ao-ting Chi, *Key Economic Areas in Chinese History as Revealed in the Development of Public Works for Water Control*, 2nd edition, Paragon Book Reprint Corp., New York 1963 (orig. ed. 1936).

¹³ Maxime Rodinson, *Islam et capitalisme*, Éditions du Seuil, Paris 1966, p. 25: «je propose d'appeler «capitalistique» l'ensemble du secteur

capital and state articulated to throw up his «three definitions of capitalism».

A wide range of sources – in different languages, of course, but also of very different kinds. We only know about the resurgence of the Adriatic in the eighth century thanks to the kind of archaeology that's been done on sites in its north-western stretch¹⁴. Again, it is archaeological work that now shows us that by the early second century, Portus (just north of Ostia) had a harbor capacity «sufficient for some 330 large ships in the two main basins»¹⁵. If the average tonnage of a Roman-era merchant ship was 350 tons, this amounts to a third of the *total* tonnage of Mediterranean shipping towards the end of the sixteenth century, which implies an early Roman economy in commercial overdrive. And though this is not the place to discuss all this any further, other kinds of sources would have to include the hugely underexploited geographical works written in Arabic and Persian.

Bondioli is also right to see household commodity production as a *major site* of capitalism's history thanks to the subsumption of households to commercial capital. Chayanov was aware of this, Pokrovsky and Preobrazhensky much less so. But by far the most sophisticated work here was done by Mike Cowen in the 1970s on the basis of Kenyan fieldwork and archival material. Not only did Cowen make the point that the nexus between peasants and mercantile firms was an inherently unstable relation, a *contested* terrain («Households persistently transgressed quantity and quality levels which were fixed by capital»), but he also argued, tellingly, that the earnings from cash crop production were used by households to «resist direct proletarianization»¹⁶. It follows that markets could *both* undermine and stabilize the peasantry. Cowen's work demonstrated the resilience of

couvert par le capital marchand et la capital financier dans ces sociétés précapitalistes».

¹⁴ *Venice and its Neighbors from the 8th to 11th Century*, eds. Sauro Gelichi and Stefano Gasparri, Brill, Leiden-Boston 2017.

¹⁵ Candace Rice, Andrew Wilson, Katia Schörle, *Roman Ports and Mediterranean Connectivity*, in *Rome, Portus and the Mediterranean*, eds. Simon Keay, British School at Rome, London 2012, pp. 383-4.

¹⁶ Michael Cowen, *Commodity Production in Kenya's Central Province*, in *Rural Development in Tropical Africa*, eds. Judith Heyer, Pepe Roberts and Gavin Williams, Macmillan, London 1981, pp. 121-42, at pp. 139-40.

Kenya's middle peasant households in the production of cash crops like coffee, milk, and tea, whereas, to take a different example, Saugata Mukherjee showed how catastrophic the depression was for the jute-growing peasantry of East Bengal. Thus, the subsumption of households to capital works in contradictory ways and for us as historians the context is what crucially matters.

A final point about Bondioli's paper; one of its attractive features is that he strips the term «proto-industry» of its teleological resonance. But if, instead of a step towards industrialization, proto-industry is better seen as a «particular form of capital-driven manufacture that arises wherever commercial capital turns to craft production», as he says, then this has to be the least researched field of Islamicate economic history – cf. Rodinson's passing reference to «a fairly extensive capitalist domestic industry» in the medieval Muslim world but supported *only* by a reference to Girard's *Mémoire*, as if Rodinson could find no other study¹⁷. In one of my papers I drew attention to the merchant-manufacturing contracts called *istisnā* but of course as I did so I was acutely aware of how few case studies there were of how and where (in which industrial sectors and which countries) these contracts were used¹⁸. There is vast scope for research here.

Next to western Europe, China has always had the strongest tradition in historical work on merchant's capital, and Andy Liu's paper in this volume shows in what sense that remains true. Ping-ti Ho's early paper on the salt merchants of Yang-chou had described itself as «a case study of commercial capitalism in its most indigenous form»¹⁹. What was interesting there was that the division between trade and production that has dominated so much Marxist thinking about merchant's capital failed to carry over into a characterization of the «factory merchants» or large capitalists who dominated the salt trade by the eighteenth century. This is a major theme of Liu's discussion, as indeed it is of his remarkable book *Tea War*. If Howell explains the reasons why European merchants were typically reluctant to «engage in industrial

¹⁷ Rodinson, *Islam et capitalisme*, p. 69, p. 269.

¹⁸ Banaji, *Exploring the Economy*, pp. 219-20.

¹⁹ Ping-ti Ho, *The Salt Merchants of Yang-Chou*, in «Harvard Journal of Asiatic Studies», 17, 1954, pp. 130-68.

production directly, particularly where fixed capital assets were required», Liu shows why this dilemma never confronted Chinese merchants investing in export trades whose supply chains were fueled by large volumes of mainly peasant labor in sectors such as tea, silk and cotton. Given that these forms of merchant capitalism, equally widespread in India, worked on advances – in the tea industry «on the unimpeded circulation of loan drafts» (from the Shanghai banks to the tea warehouses on the coast, down the supply chains they financed, to a final cascade in the rural areas where tea factories and households that cultivated and plucked tea were bound by those advances)²⁰ – it is entirely plausible to think of Marx's claim that «credit as an essential, *developed* relation of production appears historically only in circulation based on capital»²¹ as applying to Liu's picture of merchant-controlled labor-intensive accumulation.

And doubtless there are long histories here as well, successive commercial booms that straddle China's history from the Song to early Qing periods, throwing up scales of operation that were far in excess of anything most parts of Europe knew at the time, and implying «the availability of commercial capital *on a gigantic scale*»²². Liu draws repeated attention to the sheer scale of accumulation at the level of individual (commercial) capitals and also underscores the role of Chinese capital as the mainstay of a massive «intra-Asian» trading system which, in Sugihara's words, may well have exceeded the value of China's long-distance export trade in 1840 «by a wide margin». Liu's own strong regional focus underscores the sheer diversity of networks in which merchant activity operated. The growing mass of commercial capital, expanding scales of accumulation, and eventually (in 1725) the state's ability to create and use a powerful cartel or umbrella organization to deal with international buyers all reflected the entrenched position of large-scale commercial capital in the Qing economy. But again, it's essential to stress

²⁰ Andrew B. Liu, *Tea War: A History of Capitalism in China and India*, Yale U.P., New Haven-London 2020, p. 265, and the whole discussion that starts at p. 242.

²¹ Karl Marx, *Grundrisse*, 1939-41, transl. Martin Nicolaus, Penguin, London 1973, p. 535; italics mine.

²² Ping-ti Ho, *Studies on the Population of China, 1368-1953*, Harvard U.P., Cambridge (Mass.) 1959, p. 204.

that none of this came out of a historical vacuum. Anne Gerritsen's outstanding work on the Jingdezhen porcelain industry of the sixteenth century argues for a «form of capitalism in early modern China», but certainly not one that simply replicated stereotypes drawn from debates about the «transition» in Europe, stereotypes that very largely framed the Chinese debates of the 1950s²³.

Sheetal Chhabria's reflection on the ties between capitalism, bondage and caste is a powerful pointer in the direction of something that has been an integral feature of capital accumulation in India, viz. the searing Malthusianism that is catalogued in her own book *Making the Modern Slum*, especially in the succession of chapters called «Famine», «Shelter», «Disease»²⁴. The Malthusian practices and policies which shaped the making of Bombay as a colonial city carried over into India after Independence in so many different ways – from the refusal to confront major systems of oppression such as caste, landlessness and tribal dispossession, or the «refusal to expand the market» so as to enforce abnormally low standards of living²⁵, to taxation policies that depleted the state of the resources needed to fight «poverty». By 2021 India could show the world's highest mortality from the pandemic.

On the issue of «caste & class», the brilliant paper by Rupa Viswanath which Chhabria cites argues that the intensely practical issue of whether Madras Presidency dalits were «primarily caste or class subjects», landless laborers or Adi-Dravidas/*dalits*, cannot determine the conceptual languages *we* use to describe either the history or the lived experience of those communities. The upper castes wished to subsume caste into class to make it invisible, which ironically was also the position Indian Communists came to endorse in

²³ Anne Gerritsen, *The View from Early Modern China: Capitalism and the Jingdezhen Ceramics Industry*, in *Capitalisms: Towards a Global History*, eds. Kaveh Yazdani and Dilip M. Menon, Oxford U.P., New Delhi 2020, pp. 306-26.

²⁴ Sheetal Chhabria, *Making the Modern Slum: The Power of Capital in Colonial Bombay*, University of Washington Press, Seattle 2019.

²⁵ «Refusal to expand the market»: See Jean-Paul Sartre, *Critique of Dialectical Reason, I*, transl. Alan Sheridan-Smith, eds. Jonathan Rée, Verso, London 1976, p. 783, part of his wider critique of the «Malthusian solution» adopted by French capitalists and the state in the years after the Second World War.

practice. Viswanath's general point is that at least in the case she discusses caste and class were «ontologically inseparable», that is, simply different dimensions of the lived experience of laboring communities subject to caste oppression and to the violence and dispossession bound up with it²⁶. The sophistication of Viswanath's argument (that in India, for the mass of the laboring poor, caste and class are *not* distinct determinations external to one another) shows that if Crenshaw and other black feminists have now given us a way of thinking about intersecting systems of oppression (race, class, gender, sexuality) that rejects binary thinking (race-only, gender-only frameworks) as intellectually sterile, then adding caste to these «interactive oppressions» should encourage us to move away from one or two of the formulations Chhabria herself uses (notably, the view that debt bondage is the «material basis of untouchability, caste exploitation, and landless labor»).

The general point I'd like to make about Satia's contribution is that she reads *Brief History* through an underlying teleology that makes the earlier centuries a waiting room for colonialism. The assertion that I do not «spell out the extent to which we ought to think of the spread of commercial capitalism *as* a product of the history of colonialism» is an understatement, since my book devotes ten pages of its purely diachronic third chapter and almost the whole of the essay that forms the Appendix to discussing commercial capitalism in whole centuries that preceded Portugal's assault on the Venetian spice monopoly. Even when Portuguese maritime expansion began in the fifteenth century, there was certainly no *premeditated* plan to acquire an overseas colonial empire. Luís Filipe Thomaz described the Crown as «resigning itself» to backing commercial expansion as an alternative to failed strategies of «classic imperialism» after the disastrous Moroccan expedition of 1437. Those strategies had little to do with capital as such.

It is surprising to find Satia wondering why anyone takes Marx seriously today after his «theoretical framework» has been subjected to what she calls «thorough postcolonial critique» – surprising because, according to one of POCO's most flamboyant champions, «postcolonial theory is not even a

²⁶ Rupa Viswanath, *Rethinking Caste and Class*, in «International Review of Social History», 59, 2014, pp. 1-37.

theory in the strict sense of the term»²⁷ (could a comparable claim ever be made for Marx's *Capital*?), and literally all Satia seems to have in mind is Dipesh Chakrabarty's engagement with Marxism in his first two books. There have been some fine left-wing discussions of postcolonial theory²⁸, so this part of my response will be brief.

In retrospect, *Rethinking Working-Class History* where that engagement was first laid out, reads like a piece of unabashed nativism, since even workers in the large jute mills of Calcutta lack any truly working-class characteristics, being transfigured versions of pre-capitalist communities with all their wretched attachment to religion, bigotry, and hierarchy. And how can a critique of Marx's theory be «thorough» when even basic categories like «abstract labor» are radically misunderstood? After seeing abstract labor as the antonym of something he calls «real labor» (an expression nowhere found in Marx), we have the following extraordinary piece of theorizing:

Politically, then, the concept of «abstract labor» is an extension of the bourgeois notion of the «equal rights» of «abstract individuals», whose political life is reflected in the ideals and practice of «citizenship»... From this one might reasonably conclude that the more individual workers internalize and live out the ideals of «equal rights» and citizenship, the more implicated they become in the rule of capital both inside and outside the factory. The absence of these notions from the culture of individual jute workers in Calcutta would then appear to be very much a point in their favor. The precapitalist «community» could easily be celebrated as a site of resistance against capital²⁹.

So the «precapitalist community», that is, the Indian village, can be seen as the «true site of resistance to capital» *because* the wage-earners recruited from it reject «bourgeois» norms of equality in favor of a «subjectivity» mired in pre-

²⁷ Robert J.C. Young, *Postcolonialism: An Historical Introduction*, Wiley Blackwell, Maldon 2016, p. 64.

²⁸ Timothy Brennan, *Wars of Position: The Cultural Politics of Left and Right*, Columbia U.P., New York 2006; Benita Parry, *Postcolonial Studies: A Materialist Critique*, Routledge, London-New York 2004; Cooper, *Colonialism in Question*.

²⁹ Dipesh Chakrabarty, *Rethinking Working-Class History: Bengal 1890-1940*, Princeton U.P., Princeton 1989, p. 226.

capitalist identities which, happily for India, are obdurately immune to the afflictions of the Enlightenment. With all of which contrast Ambedkar's less rose-tinted view, expressed in the famous speech introducing India's Draft Constitution, in which he told members of the Constituent Assembly, «The love of the intellectual Indians for the village community is of course infinite, if not pathetic... What is a village but a sink of localism, a den of ignorance, narrow-mindedness, and communalism?» (November 1948).

If Satia situates herself in a postcolonial tradition, she also does it no favors by being so dismissive of Marx. Take the following assertion: «The trouble is that if the overlap between commerce and industry is so strong, it becomes unclear what value is added by persisting in differentiating commercial and industrial capitalism». Quite apart from the issue of who owns the capital (merchants, bankers, and industrialists as distinct fractions of capital), commercial capitalism integrates circulation and production in ways that are specific and *distinct from the circuit of industrial capital*. It makes no sense to talk about collapsing them together.

The lack of clarity reflected in these passages is startling in a historian who has specialized in Britain's imperial history, given the well-known debate among historians about the *nature* of British capitalism which revolves precisely around these issues of whether and how far the British state and economy were in fact dominated by industrial capital. The spectrum of those exchanges ranged from the conventional view of Britain as a quintessentially industrial nation embodied in the work of the Communist Party Historians' Group in the 1940s and early 1950s and validly claiming ancestry from Marx himself, through the challenge mounted in different ways to that orthodoxy by Anderson and Nairn in the sixties and Geoffrey Ingham in the eighties, to, finally, the (by Marxist canons) heresy that was argued at length by Cain and Hopkins in *British Imperialism*. Satia is undoubtedly familiar with this debate so it is even harder to see how she can seriously ask, «what value is added by persisting in differentiating (etc.)».

«By pointing to the Indian merchant communities that "sustained Britain's imperial grip over India", is Banaji making an argument about Indians' complicity in their own subjugation?», Satia asks. Yes absolutely. The cardinal fact that

stands out in any history of India in the eighteenth and nineteenth centuries is that it was the Hindu and Jain merchant communities that bankrolled the annexation of India by the East India Company. This was first argued systematically by Lakshmi Subramanian in *Indigenous Capital and Imperial Expansion* (1996) where she could show that the bigger Surat banias opted for the British (in the mounting conflict between them and the Marathas that goes back to the late 18th century) and that «the Banias extended sustained support to the Company»³⁰. In her most recent book, Subramanian claims «Indian merchants and bankers remained firmly on the side of the new rulers» and that «most merchant groups had committed their purse strings to imperial conquest and expansion»³¹. Next to the Nagar Brahmin banker Trawadi Arjunji Nathji, also Surat based, it is the Gujarati Vaishnav banias who played the decisive role in facilitating the expansion of the Company across large swathes of India. Indeed, the support extended by various merchant communities to the British was so pervasive that in his recent book *A Business History of India*, Tirthankar Roy even claims, «Without the support of Indian businesses of the time, the British would have lost their Indian rule in 1858» (!)³².

On a wider scale, *politically* merchants were a spent force by the eighteenth century. The Greek merchants of the diaspora *c.* 1800 provide a rough parallel to India's merchant communities. They, Richard Clogg has argued, were crassly indifferent to the cause of Greek independence. Indeed, «their public image was, for the most part, distinctly unflattering»³³.

Satia ends with a series of criticisms of my pages on the Middle East, one which simply ignores the substantive argument about Islamic forms of capitalism and why they matter historically, and dismisses the whole issue of why

³⁰ Lakshmi Subramanian, *Indigenous Capital, and Imperial Expansion: Bombay, Surat and the West Coast*, Oxford U.P., Delhi 1996, p. 145.

³¹ Ead., *Three Merchants of Bombay*, Penguin, New Delhi 2012, p. 200.

³² Tirthankar Roy, *A Business History of India: Enterprise and the Emergence of Capitalism from 1700*, Cambridge U.P., Cambridge 2018, p. 76.

³³ Richard Clogg, *The Greek Mercantile Bourgeoisie: «Progressive» or «Reactionary»?», in *Balkan Society in the Age of Greek Independence*, ed. Id., Macmillan, London 1981, pp. 85-110, at pp. 101-3.*

almost every country there has failed to achieve anything remotely resembling democracy (that is, even when the most modern forms of capitalist industry and banking have emerged in some of them) as a piece of orientalism. The assumption here (in Rosalind O'Hanlon's words) is that «capitalist modernity is nothing more than a potentially disposable fiction, held in place simply by our acceptance of its cognitive categories and values»³⁴.

If sentences like «(Islam's) capacity for pursuing trade without aggression instead offers a vision of what "the West" might have done, to spare the planet and its beings» read like «a nostalgia for lost origins» (Spivak)³⁵, all the stuff on «development» and «non-development» is simply a descent into vacuous moralizing. For example, «The absence of aggression is framed here as failure and "non-development"... Why do we not speak of the West's violent capitalism as a case of "non-development"?». The response is simple. If the accumulation of capital is premised historically on multiple forms of violence, both against domestic classes such as the peasantry, the urban poor («outcast London»), and women, and through the subjugation and extermination of peoples elsewhere in the world, then the expansion of capital, the development of capitalism, is an intrinsically violent process, as Chhabria has told us. What sense does it make then to ask, why don't we describe the West's violent capitalism as a case of «non-development» – non-development of what? There is no reference in these pages to development in the abstract, only and always to the development of capitalism.

The language in this section – «non-development of capitalism», «failure» to achieve class solidarity – is precisely the language that Dipesh Chakrabarty critiqued as far back as 1992 as a continuation of the historicist imagination that the British invoked to justify colonial rule.

In the paper Satia refers to, Chakrabarty himself argued, «The tendency to read Indian history in terms of a lack, an ab-

³⁴ Rosalind O'Hanlon, David Washbrook, *After Orientalism: Culture, Criticism, and Politics in the Third World*, in «Comparative Studies in Society and History», 34, 1992, pp. 141-67, at p. 147.

³⁵ Gayatri Chakravorty Spivak, *Can the Subaltern Speak?*, in *Marxism and the Interpretation of Culture*, eds. Cary Nelson and Lawrence Grossberg, Macmillan, London 1988.

sence, or an incompleteness that translates into “inadequacy” is obvious in these excerpts [from Sumit Sarkar and Ranajit Guha]»³⁶. But why just Indian history? After all, what were the famous Nairn-Anderson theses driving at? Or Gramsci’s critique of the «passive revolution»? Or Marx’s own scathing characterization of the Bismarckian state as «nothing but a military despotism embellished with parliamentary forms»? One can always argue that these are meaningless counterfactual tropes, questions it makes no sense to ask. But framing the issue in this way is scarcely any different to the question Ranajit Guha himself posed as, in his view, *seminal* to the project of *Subaltern Studies*, namely, studying «this historic failure (sic) of the nation [viz. India] to come to its own».

Having said this, one point I’m happy to concede to Sattia flows from her reference to Philip Stern’s book on the East India Company which I hadn’t read. The point is taken that the EIC was never a «purely commercial organization», as I described it, and therefore that the contrast between a commercial and an imperial era in the Company’s history is misleading if overstated. Cooper describes both the Dutch and British East India Companies as «sliding» from «setting up commercial outposts, trading networks, and in some cases productive enterprises into exercising administrative authority over territories and people, then more deeply into forging empire-states»³⁷, and that seems a reasonably accurate summary of a complex evolution that began with the competition between commercial capitalists and the states they controlled or that backed them.

³⁶ Dipesh Chakrabarty, *Postcoloniality and the Artifice of History: Who Speaks for «Indian» Pasts*, in «Representations», 37, 1992, pp. 1-26, at p. 5.

³⁷ Cooper, *Colonialism in Question*, p. 166.