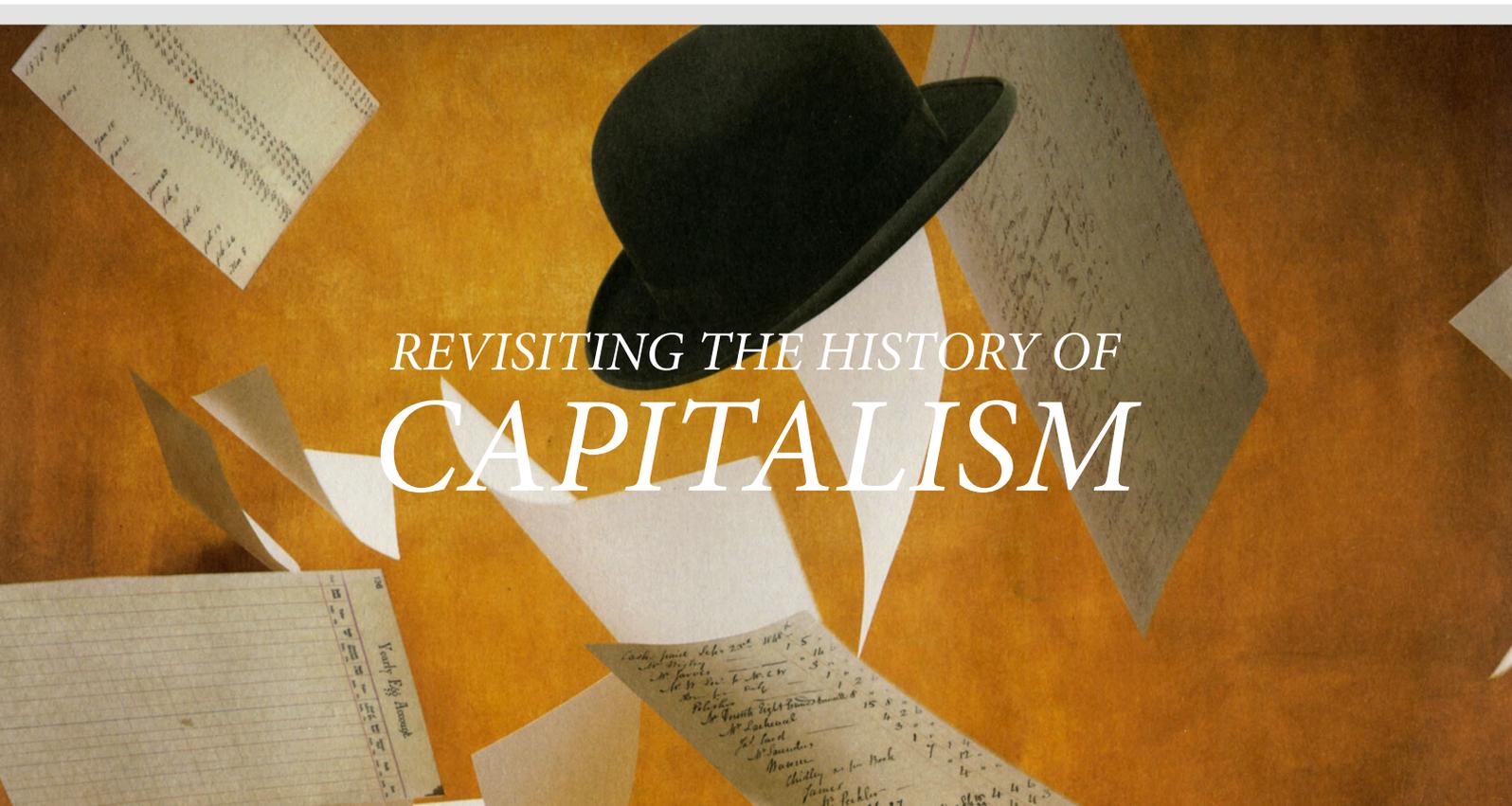


CENTRE FOR INDIAN STUDIES IN AFRICA  
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*REVISITING THE HISTORY OF*  
**CAPITALISM**

Edited proceedings of a workshop held at the  
University of the Witwatersrand in Johannesburg,  
South Africa, on 14-15 June 2016

Funded by the Rosa Luxemburg Foundation



Organised by the Centre for Indian Studies in Africa (CISA) of the University of the Witwatersrand and the Johannesburg Institute for Advanced Study (JIAS), an initiative of the University of Johannesburg and Nanyang Technological University of Singapore.



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# *REVISITING THE HISTORY OF CAPITALISM*

*Workshop organised by the Centre for Indian Studies in Africa (CISA)  
and the Johannesburg Institute for Advanced Study (JIAS)*

*Held at the University of the Witwatersrand, Johannesburg,  
South Africa, on 14-15 June 2016*

IN June 2016, scholars from three continents met in Johannesburg, South Africa, for a major workshop entitled 'Revisiting the History of Capitalism'.

Organised by the Centre for Indian Studies in Africa (CISA) of the University of the Witwatersrand and the Johannesburg Institute for Advanced Study (JIAS), the workshop formed part of growing efforts to revise Eurocentric perspectives on capitalism and its origins proceeding from the standpoint of producing knowledge from the Global South.

The workshop was funded by the Rosa Luxemburg Foundation, with additional funding from the School of Commerce, Law and Management and the Humanities Graduate Centre of the University of the Witwatersrand.

Held at the Humanities Graduate Centre at the University of the Witwatersrand, it brought together eminent scholars from South Africa, the United Kingdom and the United States. Thirteen papers were delivered, followed by intensive discussions. Participants agreed that the presentations and discussions were significant enough to warrant a full-length publication.

## **Conference statement**

The workshop was conceptualised by Dr Kaveh Yazdani, assisted by Prof Dilip Menon, director of CISA. In a statement issued to participants, Dr Yazdani said organising a workshop on the origins of capitalism in Johannesburg, a centre of the Global South, hinted at its purpose, namely to decentre the Eurocentric narrative on the history of capitalism. More specifically, the workshop was intended to grapple with the issues and problems raised by the two-volume *Cambridge History of Capitalism* (CHC), which was published in 2014.

The integration of early merchant capitalist and proto-banking activities in advanced parts of both East and West Asia between the eighth and 15<sup>th</sup> centuries into the history of capitalism is a rising trend. Historians and social scientists are beginning to give much more attention to these and other regions - not as outliers, but as an integral part of the history of capitalist development.

Global conjunctures and dimensions -the importance of American resources, African slave labour and consumer demands, Asian dynamism and competitiveness in global markets, as well as Asian and African resources - in the making of industrial capitalism are more or less neglected in existing accounts, narrations and historical studies of capital-

ism. This was far more apparent in the case of capitalism's development than with studies on the rise of the West, the roots of modernity, and the Industrial Revolution.

In order to understand the emergence and history of capitalism, proto-capitalist developments in East, West, South and South East Asia between the 8<sup>th</sup> and 19<sup>th</sup> centuries should be included in the narrative. Furthermore it could be argued that even the advent of industrial capitalism in Britain and Western Europe was highly dependent on non-Western demands, labour, resources, ideas, institutions, goods, and techno-scientific developments.

Addressing these questions would help to shed new light on contemporary issues such as industrial and finance capitalism, the drivers of development and underdevelopment, and modernity at large.

## Presenters

The presenters were:

- Prof Bill Freund, University of the Witwatersrand
- Prof Anne Gerritsen, University of Warwick
- Prof Henry Heller, University of Manitoba
- Prof Nelly Hanna, American University, Cairo
- Prof Gill Hart, CISA, University of the Witwatersrand and California-Berkeley
- Prof Joseph Inikori, Rochester University
- Dr Pedro Machado, Indiana University, Bloomington
- Prof Rudi Mathee, University of Delaware
- Prof Eric Tagliacozzo, Cornell University
- Prof David Washbrook, Trinity College, Cambridge
- Dr Kaveh Yazdani, CISA, University of the Witwatersrand

## Opening session

Welcoming the participants, **Prof Dilip Menon**, director of CISA, said the idea behind the conference was to move away from Eurocentric ways of thinking about capitalism and thinking from the intellectual rationale of the Centre, namely to consider the histories of the Indian Ocean as well as knowledge from the Global South.

The immediate provocation for the conference was the two-volume *Cambridge History of Capitalism* (CHC) published in 2014, which provided an occasion to think with and against some of the existing historiography. The introduction to the first volume provided a broad, 'bare-bones' definition of capitalism in terms of which four features needed to be present for capitalism to exist: private property rights; enforceable contracts; markets with responsive prices; and supportive governments. In these terms, arguably, capitalism could be seen as being present everywhere and at all times. Interestingly, the Introduction to the volumes and the chapters were at odds, with some contributors constructively disagreeing with the introduction.

Current re-examinations of capitalism and its history were driven by two broader considerations. The first was global economic recession in 2008, which has forced many scholars and other analysts to rethink what they knew about capitalism. The second was how to rethink the inherited account of capitalism as originating in the 18th century, amounting to a narrative of triumphalism that led to the present.

‘The question is how one should think about these immanent forms of capitalism and the quiddities of these spaces – the Ottoman Empire, China, South Asia, the Indian Ocean – instead of wrapping them up in a telos that leads inevitably to a form of capitalism which we know and recognise, originating in the west – and, allied to this, how we rid ourselves of or work against the understanding that the fulfilment of societies lies in their adoption of western forms of capitalism.’

## KAVEH YAZDANI

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### Revisiting the histories of capitalisms: the case of Mysore

Non-Western regions are often excluded from accounts of the emergence of Western and global capitalism. Addressing this and related issues helps to shed new light on contemporary issues such as industrial and finance capitalism, the reasons behind development and underdevelopment, as well as modernity at large. This paper delved into some of the controversies surrounding the origins of capitalism, and discussed its wider implications in the case of India.

Definitions of capitalism are hotly contested. Kaveh proposed the following definition, based on various Marxian and Marxist writings and approaches: *Capitalism is a socio-economic system based on private ownership of the means of production, integrated markets and profit maximisation.*

These characteristics could also be found in pre-medieval societies. What distinguished capitalism from other socio-economic formations was the degree to which wage labour, proletarianisation and the surplus value of contractual labour, commodification, capital accumulation, and factory-based industries became dominant.

Between the 10<sup>th</sup> and 15<sup>th</sup> centuries, rudimentary forms of early merchant capitalism appeared in advanced parts of Afro-Eurasia. In the wake of the colonisation of the Americas, the 16<sup>th</sup> and 17<sup>th</sup> centuries marked the dawn of an international market or world system and the onset of proto-globalisation. In this period, merchant capitalism became more pronounced, and processes of proto-industrialisation occurred. Industrial capitalism first emerged in England in the 18<sup>th</sup> century, and became the dominant global socio-economic formation in the late 19<sup>th</sup> century.

In *Das Kapital*, Marx argued that capitalist production had begun in the 14<sup>th</sup> or 15<sup>th</sup> century in certain Mediterranean towns, and the capitalist era proper in the 16<sup>th</sup> century, with the expropriation of peasants as its basis. This emphasis on the dispossession of peasants later became controversial, with some Marxists highlighting commerce, and others agrarian property relations.

This aside, there was reason to push back the emergence of merchant capitalism even further to 10<sup>th</sup> century East and West Asia. From the 1960s onwards, numerous scholars made important steps in pointing out the non-Western origins of capitalist development.

Thus Song China (960-1279 AD) saw the emergence of partnerships and embryonic joint stock companies. The use of money spread, and new credit as well as fiscal institutions were developed. Interregional and international trade as well as mining and manufacturing increased. The mass production of cast iron goods, porcelain, and other products led to the development of semi-industrial methods of production. In 11<sup>th</sup> century prefectures such as Dengzhou, ironmasters were wealthy industrialists, supplying their own capital and expertise and employing hundreds of workers. This hinted at the emergence of rudimentary capitalist relations of production.

Furthermore, ground-breaking Chinese technological innovations in the fields of ship-building and navigation, printing, metallurgy, warfare, civil and mechanical engineering and textile manufacture took place. These innovations constituted the technological conditions for the emergence of merchant and also semi-industrial capitalism.

West Asia also witnessed the emergence of rudimentary merchant capitalist trade, commercial partnerships, bills of exchange, transfer-banking, the widespread availability of money, the growing power of the merchants' guilds and the evolution of business-firms by the 13<sup>th</sup> century.

Whether or not these developments could be classified as 'capitalism', early merchant capitalist and proto-banking activities in advanced parts of North East and West Asia between the 8<sup>th</sup> and 15<sup>th</sup> centuries are increasingly being incorporated into research on the history of capitalism.

However, global conjunctures and dimensions in the making of industrial capitalism are still neglected. In order to better understand the history of capitalism, pre- and proto-capitalist developments in East, West, South and South East Asia between the 8<sup>th</sup> and 19<sup>th</sup> centuries have to be considered. Moreover, it could be argued that the rise of industrial capitalism in Britain and Western Europe was also highly dependent on non-Western demands, labour, resources, ideas, institutions, goods and techno-scientific developments.

Against this background, Kaveh proceeded to a detailed analysis of the Indian kingdom of Mysore in the 18<sup>th</sup> century, concluding that it had been in a transitory phase in which both capitalist and non-capitalist modes of production coexisted at the same time. In such transition periods, no single mode of production was dominant, but at earlier or later stages of development, one of them might prevail. Depending on the given socio-economic context, pre-capitalist modes of production could either be preserved despite increasing commercial capitalist advancements and revert to feudal or other pre-capitalist forms, or develop into industrial capitalism.

## Discussion

**Prof Bill Freund** asked what happened to these trends after the period dealt with in the study, with the advent of British colonial rule, and when the kingdom of Mysore declined.

Responding, **Dr Yazdani** said large-scale iron production, for example, had declined because the British wanted to find markets for their own iron and steel products. Princely Mysore had no mercantilist policies that enabled it to raise tariffs which, in Europe, played a major role in processes of industrialisation. It could therefore be argued that this

early stage of colonial rule hindered rather than encouraged socio-economic development.

**Prof Heller** asked whether a labour market existed. **Dr Yazdani** said were different intermediary forms of labour, or wage labour in rudimentary stages of development. These included servants, as well as people involved in communal as well as private forms of agricultural production. The state sought to eliminate intermediary classes of warlords and landlords, and eventually controlled most of the land. This could be compared to Mughal forms of property relations, at least in respect of agriculture.

**Prof Washbrook** said Dr Yazdani had presented proletarianisation as an essential aspect of capitalism. However, it could be argued that the development of capitalism also involved the proliferation of small property in the form of smallholder agriculture and petty industry, including small factories and workshops and household production. He asked whether the 19<sup>th</sup> century version of capitalism was not promoted if one always looked for complete proletarianisation and the absolute separation of capital and labour, rather than acknowledging capital's ability to use labour in various different ways.

Responding, **Dr Yazdani** suggested a distinction between the history and theory of capitalism. Historically, capitalism assumed different forms in different socio-economic and cultural contexts. However, in pure capitalism, it was important to emphasise wage labour and proletarianisation, and only free wage labour in the sense described by Marx was capable of producing large-scale capital accumulation. At the same time, it was also important to broaden definitions of wage labour and proletarianisation.

Another participant asked how conventional definitions of capitalism could be maintained in the face of diversity in non-western regions. Among other things, post-colonial transitions had to be placed on the table.

Responding, **Dr Yazdani** agreed that diversities should not be diminished. Historical capitalism has always been diverse. Capitalism did not develop in a vacuum but in certain socio-economic contexts, and all these forms of capitalism had to be taken into account.

Responding to another question, **Dr Yazdani** said it was important to draw a distinction between capitalism and industrialisation. For example, theorists differed on the nature of socio-economic formations in the Soviet Union. Defining this as state capitalism was problematic. Even though the means of production was in the hands of bureaucrats, this was not based on the logic of capital accumulation. He would rather call this a non-capitalist road towards industrialisation as described by Rudolf Bahro. However, this was hotly debated, and Marxists themselves were divided on this issue.

**Prof Peter Vale** raised the issue of the relationship between capital and technology. The advent of computers and information technology had introduced a whole new dynamic which seemed to amount to another industrial revolution.

**Dr Yazdani** said technology itself was not sufficient for capitalist development. What was crucial for capitalism were certain social relations of production. If one had technological development but no capitalist relations of production, there was no sense in calling this capitalism. While there was a close connection between technological progress and capitalism, especially industrial capitalism, capitalist relations of production were present in pre-industrial periods as well. At the same time, it might make more sense to refer to this as merchant capitalism rather than capitalism in its developed form.

## HENRY HELLER

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### The birth of capitalism in global perspective

The view of capitalist origins that still dominates scholarship was that of Robert Brenner and the political Marxists, which is both Eurocentric and Anglocentric.

Brenner had developed the work of Maurice Dobb on the decline of feudalism and the rise of capitalism. Dobb argued that the peasant revolts and demographic decline during the late medieval crisis led to the end of feudalism. Brenner agreed, but claimed that changes in social property relations unique to England set the stage for the development of capitalism.

However, capitalist relations of production in the 16th century were not exclusively English but came into existence more or less strongly across all of Western Europe. Wage labour also existed beyond Europe, notably in Mexico.

While the capitalist system developed globally, it was dominated by north west Europe, namely Britain, northern France, Holland and north west Germany. This was because wage labour became dominant in north-west Europe, while feudal and slave relations of production predominated elsewhere.

A first attempt to theorise the global development of capitalism was made by Eric Hobsbawm, using the concept of uneven development. In his view, capitalism in Western Europe advanced at the expense of Eastern Europe, Asia, Africa and Latin America. Thus the early capitalist transition in Western Europe entailed turning other areas into dependent economies and colonies, and the net effect of European capitalism was to divide the world ever more sharply into two sectors comprising 'developed' and 'underdeveloped' countries, or the exploiting and the exploited.

Immanuel Wallerstein's world systems theory could be regarded as an elaboration of Hobsbawm's conception. In common with Dobb and Brenner, Wallerstein acknowledged that the class struggles of the 14th century triggered the crisis of European feudalism. But, in contrast to their stress on changes in the relations of production as key to the origins of capitalism, Wallerstein emphasised overseas expansion as a way out of the impasse of class conflict for the ruling class.

According to Marx, the beginning of capitalism in the 16th century was marked by the emergence of proletarian labour as well as the world market. While acknowledging the proletarianisation of labour, Wallerstein emphasised the emergence of the world market or a trade-based division of labour as the starting point for capitalist accumulation.

At the same time, the three sectors of Wallerstein's capitalist world system were distinguished on the basis of forms of labour favoured by ruling classes in each sector, premised on the constraints on and possibilities for profit. At the core of the system in north west Europe, wage labour became the dominant form of exploitation in agriculture and manufacture. In the semi-periphery, which embraced the rest of western and central Europe, tenant farming, sharecropping and petty commodity craft production prevailed. In the peripheral zones of East Europe, Africa and Latin America which produced mainly grain and sugar, serfdom and slavery or coerced cash crop labour became the rule. This combination of free and unfree labour was the essence of capitalism.

Marx's conception of uneven global development was further developed by David Harvey, who argued that capitalism renewed itself by means of 'spatial fixes' -abandoning older centres of accumulation that had exhausted their profit potential in favour of new poles of accumulation. The movement of investment capital from the United States to China was a good example. Such displacements could provoke severe social and political turbulence, or 'switching crises'.

Giovanni Arrighi had attempted to show the pertinence of Harvey's conceptions to the historical cycles of successive Genoese/Spanish, Dutch, British and American political hegemonies. In each instance, the movement of capital from stagnant to fresh centres of accumulation had provoked a crisis and political and social conflict.

The theorisations of Hobsbawm, Wallerstein, Harvey and Arrighi allowed an understanding of capitalism's beginnings as a global system, but assume that Europe was at its core. Despite recent post-colonial attempts to provincialise Europe, this assumption could not be erased.

Nonetheless, Anievas and Nisancioglu had recently made a useful attempt to minimise a Eurocentric perspective by turning to Trotsky's theory of uneven and combined development. Trotsky had argued that the capitalist mode of production transformed the general law of uneven development, which held that societies grew at different rates at various points in time. He maintained that capitalism's unique expansionary qualities led it to penetrate pre-capitalist modes of production, subordinating their economies and states to its laws of development. It thus produced hybrid societies, combining the world's most advanced and backward features.

In this framework, Anievas and Nisancioglu argued that capital development had resulted from interaction between European feudalism, the Mongol Empire, the Ottoman Empire, the conquest of the Americas, the establishment of the slave trade and plantations, and the colonisation of Asia.

Given the current rule of globalised financialised capitalism, it was more important than ever to study the role of money in the development of the world market and the start of capital accumulation.

## Discussion

A critical discussion developed around the theories of Robert Brenner. **Prof Inikori** pointed out that the social developments Brenner had spoken about had all occurred in the south of England, while the industrial revolution had occurred in the more backward regions in the north.

**Prof Washbrook** remarked that what seemed missing in Brenner's account was an explanation of technological change and industrialisation. The issue was whether one accepted that there was a significant difference between the advent of capitalism and modern economic growth, involving huge leaps in productive forces that sustained unprecedented levels of long-term growth. The forces that produced these levels of growth did not exist 100 or even 50 years previously. He agreed that Brenner's model did not take account of this dimension. At some point, one had to consider technology and the way in which the means of production had shifted quite fundamentally. He also agreed that looking at agriculture in the south of England did not help to explain what happened in the north.

Moreover, labour in those northern factories were not free wage labour – they were socially unprotected and exploited people, notably women and children.

Responding, **Prof Heller** said there was an anachronistic quality to **Brenner's** work. He forced the capitalist stage of the industrial revolution back into the 1500s while in fact the entire period between 1500 and 1800 was a slow process of change. **Brenner's** model was a highly rationalised model of how capitalism worked from the 16<sup>th</sup> century onwards, which omitted much of the history of this period.

**Dr Yazdani** asked **Prof Heller** to comment on the debate on whether or not the French revolution was a bourgeois revolution.

Responding, **Prof Heller** said the old French Marxist view of the French revolution as a capitalist and bourgeois revolution came under attack from British and American historians, and was ultimately discredited. This shift reflected political trends over the past 30 to 40 years. French Marxist historians had developed in a particular socialist and communist milieu. Eventually, liberal historians in England and the US got a foothold in France and relentlessly sought to undermine this model. However, they never produced a coherent alternative. Following extensive research, culminating in a book, he had re-established the continued importance of the Marxist view of the French revolution as a bourgeois and capitalist revolution. This challenged the view of an entire generation of what the French revolution had been about, and the controversy continued.

**Prof Inikori** noted that the *Cahiers* also reflected the grievances of the French under-classes.

**Prof Heller** said this was correct, but their grievances centred on the feudal court system, which was parasitic on the rest of society, supported the aristocracy, and financed the colonial wars France had fought in the 18<sup>th</sup> century. Economists were saying that this system was inefficient and had caused the huge deficits that triggered the ultimate political crisis. Notwithstanding the Jacobins and the guillotine, the revolutionary process led to the development of a powerful government that rationalised and forced the bankers to link the banking system to productive activity, which was the key breakthrough to a capitalist economy in France.

## DAVID WASHBROOK

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### India: capitalism and its avatars

The major problem for any 'history of capitalism' was to agree on a definition of capitalism, and what it was meant to elucidate. **Larry Neal**, editor of the *CHC*, offered a broad definition related to four criteria, namely private property rights; enforceable contracts; markets with responsive prices; and supportive governments. These could be found in one way or another in many societies from ancient Mesopotamia onwards, and it was not immediately clear what historical point a focus on them was meant to clarify. Rather, it emerged that **Neal** took these criteria to be key to the emergence of modern economic growth, which was hardly separable from industrialisation. In effect, his definition was informed by the 'institutional economics' theories associated with **Douglass North**, and drawn largely from the 'Anglo-American' experience. Other definitions of capitalism and

assumed theories of economic growth led in other directions. Different definitions led to different conclusions, and made for very different histories.

Against this background, Prof Washbrook examined early modern India from three theoretical perspectives, namely 'institutionalist', world system, and Marxist theories, examining significant questions raised by each.

The result, he said, was the development of a peculiar species of capitalism that had sometimes defied attempts to classify it as any kind of capitalism at all. The ownership of 'small' property massively proliferated in both land and manufacture, as efforts were made to harness household units of production to new fields of resources. After a brief period of 'de-industrialisation' in the mid-19<sup>th</sup> century, as the full impact of Britain's industrial revolution was felt, artisanal production revived and became a leading motor force of the industrial economy, which it remained today. Over 80% of 'industrial units' in India today employed less than 10 workers. Capital drew most of its profits from household production and from the differentials still imposed on social reproduction costs by the influence of caste. This also meant that gender, generation and race (or caste) rather than class remained the axis of social exploitation and conflict.

Colonial laws did not seek to fully universalise either capital or subjects / citizens. In effect, the universal laws of capital were confined to Europeans and the colonial state, while 'Indian' capital lived on in a realm of pseudo-tradition.

Later in the 19<sup>th</sup> century, as the Indian economy was drawn further into global capitalism and Indian actors began to take a leading role, this started to change. Efforts were made from the 1880s onwards to construct a basis of national law, affecting both Indian and European capital alike. However, the contradictions of the colonial situation limited their realisation. In effect, community-specific institutions – such as the 'Hindu' joint family and the religious 'charitable' trust – became embedded in the law, and household and caste continued to influence way in which the law dealt with social obligations. This continues to the present day; India still does not have a single, unified code of civil law.

The implications for the structure of Indian capital were far-reaching, which even its emergence as a motor force in the global economy has not altered. Thus the Tata conglomerate, the largest single private employer in the UK, and the arbiter of the fate of the British steel industry, is still a 'family firm'.

Until 20-odd years ago, the distinctive, neo-traditional structures of Indian capitalism frequently led to it being written off as 'primitive' or 'antiquated' compared to the supposedly 'universal-modern' structures of Anglo-American business, just as institutions such as caste were associated with economic backwardness. With India now the fastest growing economy in the world, such judgements are being discarded, with caste promoting investment in the Brahmin-dominated IT industry.

These same community-based forms of organisation permitted the offsetting of labour's full reproduction costs against continuing subsidies provided by gender, generation and caste, and underpinned an 'informal' sector, unprotected by workplace laws, that now encompassed 90% of the labour force. In India, wealth had come to be accumulated and secured by a narrow elite, protected by religion, caste and family. However, and reciprocally, labour had been increasingly stripped of its share of the social product and seen its skills and security 'casualised' as its community institutions were increasingly battered and squeezed.

Concluding, Prof Washbrook said the fact that this process had produced the fastest growing capitalist economy in the contemporary world left room for a provocative thought. ‘Perhaps Anglo-Americana ought no longer to be regarded as providing the template for understanding the global history of capitalism ... Rather, the real character of “late” capitalism suggests that the future could actually lie with economies like that of India, whose past, thereby, acquires a quite different set of historical meanings.’

## Discussion

Prof Washbrook’s presentation sparked a vigorous discussion. **Prof Inikori** asked whether he would regard slave plantations and Latin American *haciendas* as capitalist enterprises.

**Prof Washbrook** said he would definitely see slave plantations as capitalist enterprises. Free or proletarianised labour was not a coterminous definition of capitalism. As demonstrated by I G Farben’s use of Polish slave labour in World War 2, capitalism could incorporate different forms of labour. *Haciendas* were a more difficult issue. While their products were drawn into the world of merchant capital, many made use of precapitalist forms of labour. He added that the history of capital and capitalists was just a starting point. The nature of capitalism was a contested issue, but everyone agreed that one had to have capital and capitalists to have a capitalist system. One should then start by asking how this was organised.

**Prof Freund** noted that Indian merchants were increasingly attracted to the magnet of commercial life in the British empire. Fortunes were made in centres like Bombay. This extended beyond India to British East India, notably Oman and Zanzibar, resulting, for example, in Ugandan cotton being exported to Bombay. This was a very dynamic and rapidly expanding economic environment. He asked Prof Washbrook how this fitted into the framework set out in his presentation.

Responding, **Prof Washbrook** said Indian merchants did gravitate towards the British East India Company in the 18<sup>th</sup> century, as it provided them with wider opportunities in the form of foreign trade, but also because western-style property laws worked in their favour, reinforcing their ability to enforce contracts. Once the company had consolidated its position, they were increasingly displaced by incoming British capitalists.

In the late 18<sup>th</sup> and early 19<sup>th</sup> century, a degree of multiracial capitalism developed in Calcutta, marked by part ownerships of British and Indian capital. From the 1840s onwards, this was more or less wiped out, with British capital playing a more dominant role. On a different level, opportunities remained for Indian merchants to make use of what was happening in India and also outside it.

Later in the 19<sup>th</sup> century, new opportunities opened up in shipbuilding, the salt trade, opium, trade with China in general, and the opening of the Burma rice delta. This was another wave of capitalism, featuring another generation of entrepreneurs. But parts of Indian capital were heavily entangled with the colonial apparatus both before and after this period.

Responding to another question, **Prof Washbrook** said in this context the dual legal order that existed earlier on became increasingly problematic. When British and Indian businessmen faced each other in court, it was unclear whose law would apply. From the 1880s onwards, the British colonial authorities tried to create consolidated legislation recognising certain corporate forms. By the turn of the century, the colonial state clearly recog-

nised that it had to come to grips with Indian capitalism, among others in order to tax it. With land revenues slipping away, corporate taxation had become increasingly important. In 1947, the new government established a major law commission that debated the creation of a universal legal subject. In the end, however, the government decided not to proceed in order to protect religion, cast, and family identities, which remained the situation today.

**Prof Eric Tagliacozzo** said participants had offered satellite, mid-altitude and ground-level perspectives on the development of capitalism. In the regional analyses, the contexts for the bigger questions changed quite radically. He asked whether it was at all useful to continue the ‘big picture’ comparisons.

**Prof Washbrook** said they remained important. While many regions had significantly different histories, they also displayed certain commonalities, which he had tried to draw together. This was something historians had to continue doing.

**Prof Nelly Hanna** said industrialisation was conventionally associated with colonialism. However, given the events outlined in the presentation, she asked whether any significant deindustrialisation had taken place in India in the 18<sup>th</sup> century.

In reply, **Prof Washbrook** said while some production centres advanced and others declined, India still exported textiles into the early 19<sup>th</sup> century. A form of industrialisation took place in the early 1800s when the British East India Company sought to establish its own monopoly over domestic textile production. This remained a major part of its activities until the 1830s, when textile production was relocated as a result of the industrial revolution. The market for Indian cloth collapsed, as did revenue flows into the economy as well as tax revenue. From 1830s onwards, tax collectors were saying people could no longer pay taxes because they had no money. This was a major dislocation.

**Prof Anne Gerritsen** said Prof Washbrook had begun by arguing that economic development in India did not resemble the classical Eurocentric model of capitalism, but ended by saying – half-jokingly – that, given its current status, its role in the history of capitalism should perhaps be revisited. She asked whether this should not be addressed in a more serious way as well.

Responding, **Prof Washbrook** said it seemed to him that India’s global leadership status was not destined to last for long. Levels of fixed investment were very low, resulting in very little infrastructure, and industrial production grew at only 2% a year. Its high levels of growth were due to a bubble in the services sector. He would therefore be surprised if India was still the world’s fastest growing economy in 10 to 15 years. By contrast, Western Europe had been at the top of the economic league for some 200 years.

In his presentation, he had largely confined himself to the earlier period covered by Volume 1 of the CHC. The main discussion would centre on the development of industrial capitalism in the 19<sup>th</sup> and early 20<sup>th</sup> centuries. In this period, Indian labour had also played a major role in the development of capitalism elsewhere in the world. However, he still found it difficult to take India seriously as the world’s leading capitalist economy.

**Prof Menon** said the idea would not be to portray India as the capitalist nation of the future. If the broad theories developed by Wallerstein et al were used for comparative analyses, Europe and India would never match. At the same time, examining the nature of Indian capitalism would go some way towards explaining why overseas merchant capitalism functioned in the way it did – or why a cross-eyed yogi was one of the most important

capitalists in India. One was talking about sources of capital and manifestations of capital which were quite different from what happened in Europe. It seemed pointless to continue referencing a literature that did not allow scholars to engage with the quiddities of capitalism in Asia.

**Prof Washbrook** reiterated that his presentation only addressed the period covered by Volume 1 of the CHC. Examining the period covered by Volume 2 would be much more about the development of a distinctive form of capitalism that could no longer be written off as secondary or peripheral.

**Prof Inikori** said the conception of capitalism in classical Marxist theory was historically significant, but did not cover every aspect of economic development. Perhaps scholars should develop a new term to characterise economic developments in other parts of the world, rather than trying to present them as other forms of capitalism.

Responding, **Prof Washbrook** said one would then miss the fact those forms of capitalism were connected, and would become progressively more connected. In this sense, modern capitalism was working to connect development in different parts of the world.

**Prof Freund** said that, while it was natural, following Marx, to associate capitalism with the industrial revolution, perhaps one should accept that this would not continue to occur everywhere in the future, and that capitalism was moving on. Manufacturing would continue, and new products would continue to emerge. But the nature of technology and inventiveness seemed to have changed. This approach would help scholars to get beyond eurocentricity, and particularly to disengage from the industrial revolution as a powerful force that had transformed the world, but was now in the past.

**Dr Yazdani** remarked that when talking about capitalism it was also important to consider wider phenomena such as the role of civil society in sustaining and promoting modern economic growth. Ideas grew in certain environments, and became viable or productive in specific legal systems. In this perspective, specific socio-economic circumstances, including more developed civil societies, could be seen as playing an important role in the development of sustained economic growth in western forms of capitalism, against the more imitative Chinese form of capitalism. Prof Washbrook had said that India was not a market economy; that India had few traits and characteristics of an integrated market. Given this, he asked Prof Washbrook how he would characterise Gujarat, which seemed to have a reasonably well-integrated market economy.

**Prof Washbrook** said this was correct, but only along the coastal strip of India. When one moved inland, one rapidly ran into a different world. Also, integrated markets were reflected in stabilising prices, but prices in India remained hugely volatile up to the 19<sup>th</sup> century.

## NELLY HANNA

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### Textile workers in Cairo and capitalism from below, 1600-1800

Prof Hanna said her paper considered crafts and production in Egypt during a crucial period in world economic history, in the light of capitalist practices undertaken by textile producers. Given that this period was commonly associated with the 'Rise of the West', as

a result of the Great Discoveries and their consequences, the history of capitalism tended to be written from a European point of view. Regions outside Europe were referred to as the 'rest of the world', and considered as static and undifferentiated recipients of the spread of European capitalism. Definitions of capitalism had followed suit in the sense that the European experience was taken as the model for studying capitalism. Her paper examined events in a region outside Europe which did not fit this model.

Important studies about the Americas, India and South East Asia had made significant progress in debunking Eurocentric histories. However, they had omitted many world regions, including Egypt, the Eastern Mediterranean, and the Ottoman Empire. An exploration of these regions could broaden scholars' views of the period, and lead to a better understanding of the history of capitalism. The study also tried to overcome a fragmented approach that addressed particular regions independently of each other by linking developments in Egypt to global conditions.

Some of the papers presented to the workshop had shown that various capitalist practices were taking place in different world regions. The 17th and 18th centuries were periods of diversity and a multiplicity of models which modern developments later integrated into more homogeneous ones. Textile production in Egypt in the period in question was one example.

The multiplicity of models usually associated with pre-capitalist conditions were evident at various levels: on the micro level, in the variety of capitalist practices prevalent among merchants or artisans, and on a broader level, in the economic modes prevalent in the Ottoman Empire. Economic historians had variously described its economy as a command economy in which the state played a major role; an economy in which the ruling classes lived off the taxation they imposed on others; and an economy of commercial capitalism. Although these approaches seemed irreconcilable, these various modes coexisted, each retracting or expanding depending on time, place and conditions.

One particularly important mode in Cairo in the 16th and 17th centuries was commercial capitalism, caused, as elsewhere, by the expansion of world trade, which provided merchants with opportunities to accumulate enormous wealth.

The paper considered whether this commercial expansion, which was usually associated with merchants, also affected artisans and craftsmen – in other words, whether it only enriched merchants, or had a significant impact on the economy in general and production in particular. For many historians, the answer was negative since most craftsmen belonged to a traditional economy, producing limited amount of goods and tied to guild rules.

This was true of the majority of artisans. Their production remained local, and their markets limited. But there were exceptions, and these were textile workers, roughly estimated at about 12 000 people working in 12 to 15 guilds. This was because cloth – especially cotton cloth – had become the most important product in world trade, and subject to great demand.

While little had been written about Mediterranean or Ottoman cloth production, Egyptian cloth was sent to many parts of the world, even reaching America. This was in the period prior to the rule of Muhammad Ali Pasha (1805-1848), who established a number of textile-producing factories.

This prompted a rethink of some of the ideas generated in the broader framework elaborated by Emmanuel Wallerstein. In the 17th and 18th centuries, European capitalism had

started to gain hegemony in parts of America and Asia, restructuring local economies to fit its needs. This included a process of weakening local production and encouraging the importation of European goods. However, the Ottoman Empire and specifically Egypt was not part of this process at that time. Consequently, artisans and craftsmen could benefit from the intensified trade in this period without undergoing a process of de-industrialisation or peripheralisation. Textiles played a major role in world trade, and there was a considerable world market for Egyptian cloth. Textile artisans in Egypt were able to penetrate this world market despite competing against Indian textiles, which was in demand everywhere. Reasons included the variety of cloth produced in Egypt, the variety of quality / price, from expensive luxury fabric to cloth for poor populations; as well as dyeing skills.

Production skills had been accumulated over centuries. However, to penetrate the world market in the period in question, other skills had to be put in play, with links forged between trade and production, world markets and workshops, and supply and demand. The formation of these skills and linkages and the roles of merchants and artisans had not been well explored. However, it was clear that production was developed in accordance with world demand, and that artisans were producing cloth for the world market.

Two kinds of cloth were involved. The first was Indian-like printed cottons, which were in high demand on the world market. This prompted expanded cotton cultivation, and the appearance of new guilds. The second was cheap, undyed and coarse cloth, used to clothe sailors and slaves, among others, with volumes reaching what would be called 'mass production' today. It was unclear how, in a period prior to the use of machines, artisans managed to achieve these volumes of production, whether by working longer hours, or employing children, as no information was available. However, it could have been a precursor to mechanised production in the 19th century.

However, information was available about how work was organised in the expanding workshops in the 18th century. Traditionally, textile producers worked in small workshops with four or five looms, and either sold their product directly to a client or a merchant. When the export of cloth required a greater volume of textiles, new methods of organising the workshop appeared. One study recorded a weaver in the city of Rashid (Rosetta) who organised his production by owning a yarn workshop, a weaving workshop, and a dyeing workshop. Another recorded a very large workshop in the town of Mahalla, in which the owner, a merchant, employed weavers, tassel-makers and tailors.

In 1780, the guild of printers on cloth (*basmagiya*) decided to work in one location, and to divide profits among themselves, with the guild head, who presumably supervised the work, receiving a bigger share than others. This example shows that innovation took place in the context of the guild, and the guild head remained a central figure in organising production. This demonstrated a degree of hybridity in the way work was organised, with no single model followed by all. There was some evidence of proto-industry, but this was far from dominant.

In conclusion, Prof Hanna noted, textile artisans active in the 18th century were in the vanguard of change, and the innovations they brought about looked forward to the 19th century, when textile production played a central role in the reforms under Muhammad Ali. Given this, the credit often attributed to him could be attenuated. By then, a world market for Egyptian textiles was already in place, and a body of skilled workers already existed. The 19th century reforms introduced machinery for the production of textiles,

but the capitalist practices of the textile artisans of the previous period had nevertheless left their mark. 'Thus, the history of textile production was not only one of rupture and continuity, but also a history of capitalism from below, since some of the capitalist practices that artisans had initiated were incorporated in a 19<sup>th</sup>-century form of state capitalism.'

There was a clear rupture between modes of textile production in the 18th and the 19th centuries. The construction of factories in the early 19th century was a form of capitalism from above in which the state was the employer and beneficiary, and owned the means of production. The state was able to integrate agriculture (cotton planting), production (textile factories) and trade (textile exports). By then, textile artisans had lost their independence and were reduced to working in factories, with some paid by the piece, and others as wage workers. This offered clear parallels to the history of capitalism in other regions.

## Discussion

**Prof Freund** said by the 19th century Egypt had also become a coffee growing country, and was growing flax as well. He asked whether more land was used for cotton, and how this related to land used for other crops.

**Prof Hanna** confirmed that, when world demand for cotton textiles expanded in the 18th century, more cotton was planted.

**Prof Heller** said in the 18th century, the British and particularly the French exported more and more textiles to the Mediterranean. He asked whether there was any evidence of the Egyptian guilds responding to this trend, or whether it affected their production. He also asked whether Muhammad Ali's initiatives were a response to the intrusion of Western textiles.

Responding, **Prof Hanna** said there was little evidence that this has a major impact on Egyptian production. French fabrics were satins and silks, mainly aimed at the ruling classes, and would not have affected the bulk of the market. In Egypt, new guilds were still being created at the end of the 18th century.

**Prof Washbrook** asked about the expansion of production using traditional technologies. In India, this was done in two main ways, namely by extending the working day, with looms being worked 24 hours a day by two families or even untouchables, and by reducing quality. He asked how this was done in Egypt. He also asked whether there was any evidence of 'proto-industrialisation', in the sense of merchant capitalists beginning to interfere in and direct production processes rather than just buying finished goods, thus establishing the dominance of capital over the production process.

**Prof Hanna** said there wasn't; rather, proto-industrialisation occurred in the form of contracts, which included legal guarantees.

**Prof Washbrook** noted that, in India, contracts were not effectively enforced. In Egypt, **Prof Hanna** said, failures to pay debts could result in prison sentences. But this did not happen very often.

A participant asked about the impact of the transatlantic slave trade on cloth production and the cloth market. The issue of slaves as consumers of cloth had not been adequately addressed. In the American South and the Caribbean, slaves actively purchased very simple cloth. In other places, masters clothed their slaves. Either way, this was an important

market. He asked whether Prof Hanna had any evidence of the scale of cloth production in Egypt.

Responding, **Prof Hanna** said cloth was produced in very large quantities, but a lot of it was Indian. India also sent a lot of cheap cotton cloth to the Caribbean, in competition with Egyptian producers. Some coarse cloth was sent to West Africa where it was used to purchase slaves.

**Prof Freund** recalled a point made by Hobsbawm, namely that when the industrial revolution began, Manchester also produced cheap cloth rather than fine fabrics.

Responding, **Prof Hanna** said this was why it was so important to examine sources of mass production prior to Manchester, and to mechanisation.

**Dr Yazdani** said in one of her books, Prof Hanna had made the interesting point that artisans became entrepreneurs. This was important as Marx had argued that this was the path towards capitalism. Given this, he asked her to indicate how many artisans became merchants, and how much capital and wealth they accumulated.

**Prof Hanna** said the book in question was about the production of flax oil, which was used as cooking oil by the poor, and also for lighting houses. Flax oil producers became very wealthy, but rose to positions of power by becoming heads of the guilds, when they could begin to break the rules by going directly to peasants to buy flax, appropriating profits, and so on. They then began to diversify, buying buildings and oil presses. These entrepreneurs became very wealthy, accumulating family fortunes that carried on for generations. While information was scanty, there were about 2 000 people in the oil press guilds. They ran large workshops in which they employed people in various capacities, but whether this was wage labour was unknown. This was a period of hybridity, with the guilds and capitalist practices existing side by side.

**Prof Anne Gerritsen** asked Prof Hanna to comment on the relationship between her work and that of Giorgio Riello which focused on the role of Indian textiles in the global market, and related this to events in England and the consequences of industrialisation. It seemed she was adding significant elements to this picture in the form of a different geography and a different geographical network. Alternatively, it could have involved different gaps in the global market, with expensive cloth going to Istanbul, and cheaper cloth to the lower end of the market that Indian textiles did not cover. She asked Prof Hanna to elaborate.

Responding, **Prof Hanna** said she was not so concerned about what had happened in England, but more concerned about the modern period in Egypt. The rise of modernity in Egypt was usually associated with state reforms and European influences. There were no major European influences before Muhammad Ali. Therefore, one needed to look at what came before in the form of capitalism from below, rather than attributing everything to capitalism from above. Thus her main interest was to examine how artisans in the 18th century played a role in the development of the 19th century. On the issue of the markets, Indian textiles seemed to have reached everywhere, so Egypt competed with them everywhere.

A participant asked whether the need to clothe large armies in the periods in question had a discernible effect on textile production in Egypt. This would require production to be ramped up dramatically.

**Prof Hanna** said textiles were produced in many parts of the Ottoman Empire. Uniforms not made in Egypt, but the sails for Ottoman ships were. This was part of the command economy under the Ottoman Empire, in terms of which producers were obliged to provide various goods every year. The Egyptian textile industry reached its zenith in the 19th century, partly due to Muhammad Ali having to clothe his growing army. However, his biggest product was cloth with Indian designs, with production reaching 1 million pieces a year. This was because it had become very popular globally, and could be sold everywhere.

## RUDI MATTHEE

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### Iranian capitalism: exceptionalism and delayed development

According to the criteria in the CHC, early modern Iran (and perhaps even modern Iran) did not qualify as a capitalist country, or even a country where capitalism had a fighting chance. In some ways, this was true of the adjacent Ottoman and Mughal Empires as well. Yet this did not prevent modern scholars from claiming the existence of (proto-)capitalist features in the latter two societies, either by focusing on the receptivity to and role in capitalism on the part of religious ‘minorities’, by presenting signs of extensive trade or robust entrepreneurship as ‘capitalist’, or by interpreting evidence of the cessation of economic expansion as a sign of ‘deindustrialisation’ or potential ‘take-off’ snatched away by colonial intrusion.

Modern scholarship on Iran generally treated it in the same way, with a particular focus on the ways in which foreign powers, notably the Russians and the British, impoverished the country, or at least prevented it from expanding economically. He would argue that:

- Pre-20th-century Iran exhibited an abundance of entrepreneurial energy but little sustained state support for commercial expansion.
- Reform in pre-20th century Iran was typically a matter of personal and private initiative, either on the part of individual entrepreneurs, the Shah or his courtiers, but never sustained and systemic.
- Pre-20th-century Iran featured various structural, geographic and economic impediments to the development of indigenous, self-sustaining economic growth and technological development, and was more hampered by inherent limitations than any other part of the Middle Eastern/Islamic world.
- Iran’s traditional obstacles to expansion and global ‘connectedness’ became more acute in the 18th century as international trade increasingly became maritime trade.
- Iran’s condition in this period also worsened, with political chaos following the fall of the Safavids in 1722, leading to the country’s virtual disengagement from the rest of the world, its commercial currents and its many technological breakthroughs.
- Iran was also hit hard by various disasters, including the terrible famine of 1860-61, followed by an even more severe one a decade later. It was also struck by the devastating pebrine silk disease of 1864-5, which almost wiped out the country’s sericulture.

- All of this was exacerbated when Iran became a buffer state between two imperialist powers bent on thwarting each other in making meaningful investments in the country.
- Nevertheless, the country made greater strides toward ‘reform,’ infrastructural expansion and commercial growth than was often assumed. In this setting, even foreign ‘domination’ was not universally negative.

The Safavid period evinced plenty of entrepreneurship. Iran’s Armenians were renowned for their commercial acumen, and the Julfan Armenians oversaw a trading network spanning Eurasia from London to Manila. The state facilitated its flow with some basic infrastructural and legal measures. Shah Abbas I famously built caravanserais, and provided an ingenious system of road safety. But there was nothing structural, systemic and self-reinforcing about this. ‘Reform’ was always fragile for taking the form of personal initiative. And it was often self-defeating, given the country’s low revenue base—a function of a lack of precious metal deposits and a perennial trade imbalance, certainly with India, Iran’s largest trading partner. The lack of capital and the export commodities would bedevil Iran throughout the early modern period, until the discovery and exploitation of oil in the early 20<sup>th</sup> century.

The fall of the Safavids ushered in a century of chaos and retrogression. Even the EIC and VOC packed up and left. By 1800, Iran was a land endowed with a harsh physical geography hampering transportation, a lack of easily exploitable mineral deposits, little timber on the plateau, a small and scattered population, a low revenue base, the lack of a national economy, and a multitude of oasis cities and their hinterlands constituting regional economies.

Most importantly, at a time when international trade increasingly meant maritime trade, Iran was virtually landlocked. The distance between the political and commercial core and the sea was immense; there were no viable ports on the Persian Gulf, and the most productive and most densely populated regions were located in north, farthest from direct access to the outside world.

All this led to relative isolation from the world’s main commercial and technological currents, especially in the crucial 18<sup>th</sup> century, and in particular its second half, a period of great turmoil in Iran coinciding with tremendous technological and political change and innovation in Europe.

In the early 18<sup>th</sup> century Iran ‘reconnected’ with the larger world, becoming a target of great power politics by the French, the Russians and the British. Changes in commercial currents followed. Attempts were made to open up new maritime routes, but transport remained an uphill battle.

The 19<sup>th</sup> century saw many reform initiatives. This included the beginning of the regulation of business practices, with some provisions for prevention of fraudulent bankruptcies involving Iranians and Westerners.

In 1879 Shah ordered his ministers to prevent oppression of subjects, to help foster handicrafts and trade, to explore mineral resources, to build roads and bridge, and to help establish order and security, to establish independent courts in all cities, and to create health facilities all around the country.

In 1884 Naser al-Din Shah convened a consultative body of the country’s leading merchants. From this emerged an Assembly of Iranian Merchants, which drafted a document

of intent containing, among other things, financial security, the creation of notary offices, for the registration of property, the creation of a small Iranian bank protecting the interests of local merchants and prevention of importation of ‘useless’ foreign manufactures.

The most important development was foreign intrusion, and a weak Iranian response. Most infamous were the preferential tariffs for Russian merchants in 1828 and for British ones in 1841. This caused multiple bankruptcies among Iranian merchants, and European finished products drove Iranian ones out the market. The textile industry was especially hard hit. Number of looms in Kerman plummeted, and cotton-weaving workshops in places like Isfahan and Kashan declined. Local merchants were reduced to bankruptcy or forced to become agents of European firms. Iran’s poor infrastructure also remained a problem until modern times.

Perhaps the most significant impediment was a lack of interest in Iran—especially on part of the British but initially by the Russians as well. Indeed, few British observers called for direct colonial rule in Iran, mostly because the country did not seem to offer economic prospects of the same level as India. Ultimately, London deemed Iran a country of high risks and low returns and showed a great reluctance to invest in it without formal guarantees.

While the penetration of European manufactured products led to Iranian deindustrialisation, it could be argued that the infusion of European capital had a positive effect as well, by giving rise to new ventures and new forms of manufacturing.

Carpet-weaving was one example of a traditional craft that underwent a tremendous increase in output as a result of a capitalist transformation that altered its character and entailed loss as well as gain. Persian carpets were never an important export product, at least not to Europe. There was an initial uptick in demand following the 1851 London exhibition. The demand for Iranian carpets received a further boost with the Vienna World Fair of 1873.

The most important factor in further growth was the establishment of the originally Swiss Ziegler Company of Manchester in the Near East. They were in the business of exporting Manchester cotton goods. Ziegler first set up shop in Trabzon in 1856, at that time the commercial outlet for Iranian products. Faced with the depletion of carpet stock coinciding with an increase in demand, Ziegler & Co sent representatives to Soltanabad to organise and develop modern carpet production. They next opened branches in various other Iranian cities. As a result, looms increased from 40 in about 1870 to 1 200 in Soltanabad and 5 000 in the surrounding area a decade later. The value of exports via Tabriz increased from 28 000 in 1874 to 500 000 at the turn of the century.

## DISCUSSION

**Prof Menon** said the presentation had painted a relatively gloomy picture which seemed to show that Iran had a low potential for capitalist development.

**Prof Matthee** said Iranians were and remained energetic, curious, and eager to engage with non-Iranian cultures, which were positive preconditions for development. However, in the periods in question it was a semi-feudal system with a weak government that gave rapacious merchants the freedom to operate as long as they paid taxes and maintained a degree of social order.

**Prof Inikori** asked Prof Matthee to comment on the core issue of defining capitalism in the context of his presentation.

**Prof Matthee** said capitalism ultimately had to do with capital and wage labour, and with capital becoming more important than labour. This was accompanied by a break-up of traditional relationships, such as family and kinship. Whatever its exact contours, capitalism also had extremely disruptive side-effects. It created chaos in some parts of Britain in the 19<sup>th</sup> century, and its effects on the non-western world were as disruptive in some ways.

Perhaps the CHC criteria should be debated. Whether or not one could talk about capitalism in Egypt in the 1700s, for example, depended on how capitalism was defined. His position was that, if one kept to the definition in the CHC, there was no capitalist development in Iran. Analysing the Iranian oil industry would be interesting, as this was the laboratory of modern Iranian capitalism in accordance with the CHC criteria. However, he had not laid down those criteria.

**Prof Vale** asked Prof Matthee to comment on the role of the clergy, and the development of relations between the US and Iran.

**Prof Matthee** said American involvement in Iran was minimal until after World War Two. The first diplomatic relations were established in 1885, but this was very tentative. America and Americans became very popular in Iran because they had a lot to offer, but also because they were neither Britain nor Russia, and had no imperialist claims on the country. However, all this collapsed with the 1953 coup. It was as if too many hopes had been raised about America's benevolence and its potential role, as if it should have worked in Iran's interests. When it failed to do so, love turned into hate, and the after-effects were still evident.

The clergy were an important factor as they had always played a major role in keeping foreign intrusion at bay. This was so for two main reasons. First, the clergy themselves were heavily involved in commercial enterprises, notably tobacco farming in the south of Iran. This led to a famous case when the Shah tried to grant tobacco concessions to foreigners. Following a major outcry, led by the clergy, he was forced to rescind the concessions.

Second, in the absence of strong government, especially in the 18<sup>th</sup> century, the clergy became by default the only true representatives of Iran and the true defenders of an oppressed population. In the process, they articulated a vision of Iran as a Shia nation, which should resist invasion by foreign interests. For these reasons, the clergy in Iran played a more vociferous and ultimately more effective role in resisting western technology and western ideals than in surrounding countries.

**Prof Washbrook** said if capitalism were separated from economic growth, and a longer view was taken of Iranian development, there were moments when parts of the Iranian economy seemed to grow. Among other things, Indians were fascinated by the Persian wheel and its role in irrigation systems.

**Prof Matthee** said Iranians were excellent at irrigation, and exported their systems to Spain at one time. However, it would be difficult to insert these moments into a larger picture.

**Prof Washbrook** asked whether these sorts of developments had sustained a growing population up to a certain point, and improved their living standards.

**Prof Matthee** said while he had characterised Iran as a very poor country, its true wealth might have been off the beaten track. Rulers and administrators picked the people clean. Therefore, as numerous travellers noted, true wealth was found not along the main roads and trading routes, but in more remote areas where communities could not be located as easily.

**Prof Gerritsen** asked whether the Sunni / Shia division had worked to inhibit development in Iran.

**Prof Matthee** said while this caused some impediments, notably closed borders at times of heightened tensions, sectarian strife did not seriously hamper commercial and diplomatic activities in the region.

A participant said evidence showed that Persian products had played a major role in trade along the southern rim of the Persian Gulf, but this had not happened along the northern rim. He asked why this was the case, and why Persia had not tried to use British trade linkages to leverage its own trade into the world.

**Prof Matthee** said the political centres of various countries around the southern rim of the Persian Gulf were close to the sea, which led to a convergence or nexus between political and commercial systems. By contrast, the political centre of Iran was 1 000 miles away, and the Gulf was therefore not a priority. Climatological circumstances also played a role.

**Prof Heller** noted that contemporary Iran had a burgeoning middle class, and was strongly capitalist in character. Searching for agency, there was significant middle class involvement in the constitutional revolution in the early 20<sup>th</sup> century, which could therefore be characterised as a bourgeois revolution, and its suppression could be seen as a lost opportunity for Iranian development. However, Prof Matthee had suggested that there was no real development of a bourgeoisie in the 19<sup>th</sup> century. He asked where this bourgeoisie could have come from.

Responding, **Prof Matthee** said he was not sure he would characterise the constitutional revolution as a bourgeois revolution. That aside, it had again been driven by an interesting combination of forces. The first were merchants, who wanted to prevent the Shah from selling out the country to foreign interests, and therefore called for a ‘house of justice’, which became the Iranian parliament. The clergy supported this because they wanted to prevent the Shah from selling out the country to ‘infidels’. To this end, they wanted a forum where they could veto any measures that would detract from Iran as a Shia nation. Then there was a small group of intellectuals who had studied in the west, and who called for a western-style legal system and political representation. The constitutional revolution was driven by these three groupings rather than a bourgeoisie.

**Prof Heller** said that, from a Marxist perspective these three groupings did represent a basis for a bourgeois revolution, as in China, where the Chinese revolution occurred at the same time. Given Prof Matthee’s ‘dark picture’ of Iranian development, he asked him to comment on the material foundation for the rise of these elements in Iran.

**Prof Matthee** said the fact that modern Iran had a constitution and a parliament despite its dour and dogmatic Islamic regime was a direct consequence of the constitutional revolution. It had implanted a strong idea of representation and constitutionality which the Ayatollah Khomeini could not marginalise or reject. Initially, though, the constitutional revolution had resulted in chaos, marked by an absence of government and widespread lawlessness. This persisted into the 1920s. The Shah came to power as the strong man

who would clean the Iranian house and re-establish law and order that everyone was clamouring for. The real bourgeoisie was only created under the Shah in the 1930s.

**Prof Hanna** asked whether agricultural wealth had been accumulated, and who the land-owners had been.

Responding, **Prof Matthee** confirmed that there was a lot of agricultural wealth, resulting from exports such as opium, and as well as merchant wealth. There were also large land owners who owned 50 to 100 villages at a time. Land was not state-owned until the take-over by the Shah, and large private land holdings persisted until the 1960s.

A participant asked **Prof Matthee** to comment on the composition of the Iranian population, and particularly the ordinary people, or rank and file.

**Prof Matthee** said the common people were mostly peasants, and the bulk of revenue came from agriculture. Scholars had a deformed picture because most sources were trade-based. They tended to extrapolate from those sources, which therefore magnified the role played by trade in Iran.

Most revenue was not trade-related, and most people were agriculturally engaged. About 30% were nomadic pastoralists, which were very difficult to tax and control. Almost by definition, scholars knew far less about those people than they would like, because the court chronicles – the main sources of indigenous information – did not talk about them. They spoke about the ‘flock’, the common people, in generic terms, as obedient subjects, and if they strayed, they had to be brought back into the fold. They certainly did not talk about them as producers, or their importance to the economy.

Another problem about Iran was the shortage of information. Some capitals in the region were repositories of growing piles of paper. In Iran, regimes moved from one capital to another, destroying the previous capital and all its documents in the process. So scholars had very little to go on.

## GENERAL DISCUSSION

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A general discussion followed. **Dr Yazdani** suggested that participants should consider whether they should seek to develop an alternative definition of capitalism to that in the CHC. **Prof Inikori** said he believed they should, as this would help to focus the discussions and the eventual output. He also did not like the definition in the CHC.

**Prof Menon** agreed, but noted that the broad scope of the CHC definition was strategic in that it helped to bring multiple authors together in one work. In the event, some of them clearly disagreed with the four criteria. Elements of the economy discussed by **Prof Washbrook** seemed specific to a particular geography, in this instance South Asia, in terms of the way in which skills were developed through a certain social system, like the caste system, or how charity, philanthropy, and religion played into capital investment and the accumulation of capital. Perhaps one should also start to think about economic forms in a particular landscape in categories other than just pre-capitalism and capitalism.

**Prof Washbrook** said he had tried to think about how society reproduced itself through various institutional forms in the context of certain modes of production. In India in the 16th century, various institutions were set up in the British context of production, but he

would not call that capitalism. In the 17th century, merchant capitalism began to penetrate this system, partly from the inside, because people began to exchange goods within this system for their own subsistence.

Then there was a concatenation of circumstances that brought the state and merchant capitalism together in the form of banking. At that point, one could begin to talk about the emergence of capitalism, because those methods of reproducing society became increasingly subordinated to a law of value and a set of criteria related to the market.

Capitalism established itself when one could not conceive how society could reproduce itself any further except on the basis of extended exchange, merchandising, and so on. This could be drawn through to the present; indeed, Indian peasants today could not conceivably survive without fertiliser, pesticides, and markets.

The 17th and 18th centuries were transitional periods, and one could not really say that India was fully subordinated to capital until the 19th century, when the British East India Company was taken over. After that, less and less of the Indian economy was reproducible outside the context of world markets and capital formation and investment.

**Prof Menon** argued that the CHC offered an impoverished definition of capitalism that did not even hold together in its own terms, and this conference presented a range of critiques arising from different spaces.

**Dr Yazdani** said it might be helpful to construct a genealogy or periodisation, as this could help to point to continuities and ruptures in the history of capitalism.

**Prof Washbrook** said it would be useful to move the period under review forward from the 18th century, as capitalism as a global phenomenon had only developed later.

**Prof Gill Hart** said there was a big difference between asking ‘what’ questions and ‘how’ questions. Asking what capitalism was invariably reached a point where one had to find the lowest common denominator. This was evident from the CHC definition, which resembled a laundry list of four features. An alternative approach – which numerous presenters had adopted – was to ask how capitalist processes of accumulation had been enabled and constrained in different regions. This would open up thinking about questions of spatial historical interconnections, and how different regions of the world were producing their economic relations. This dimension was missing from the CHC.

A participant said conventional scholarship had romanticised capitalism and capitalist development. Instead, younger students and scholars had seen capitalism fail, and wanted to move beyond this perspective.

Agreeing, **Prof Hart** said a key question was precisely to identify the limits and contradictions in the way in which capitalist processes were playing themselves out.

**Prof Tagliacozzo** said it could be useful to consider why scholars should be curious now about documenting the history of capitalism in a new or different way. Older scholarship had been embedded in a particular set of circumstances, and older scholars were deeply invested in responses to these questions at a time when the Cold War and the future seemed highly uncertain. Various aspects of the current discussion had been raised before. Asking why they should be revisited now would help to determine the direction of the current project.

**Prof Menon** said a new volume emanating from the conference could simply be a response to the formulations and trajectories in the CHC. However, participants should also consider whether it could move beyond this perspective.

**Prof Freund** said much of this would be about saying that heterodox approaches were not only legitimate but also played an important role in examining different forms of development in different parts of the world. The dominant school of writing about economic growth in the United States was accepted in some regions, but meant nothing in others.

A generation or two ago, colonialism, dependency and the challenges of socialism were real issues, but this was no longer the case. People were now focused on the rise of India and China. In earlier years, India was seen as a backward country with an impoverished population, and China as a repressive society run by evil communists, but this approach could no longer be sustained. One could no longer write about capitalism as Landes and Rostow did in earlier years. In a way, the CHC could be regarded as an attempt to prop up this perspective.

What was interesting and exciting was that this approach was being contested, and these questions were being asked again by scholars who were not saying, we're successful, and there are failures elsewhere, but asking about the shape of the future beyond these conventional perspectives.

There was a vitality and complexity to these different perspectives and alternative avenues of enquiry. The simple story of the rise of the west and other being left behind no longer seemed accurate or relevant.

## ANNE GERRITSEN

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### The view from China: craft production, labour and the issue of state support

IN a chapter in the CHC entitled 'China before capitalism', Roy Bin Wong had identified three of Larry Neal's four criteria for capitalism - private property rights, enforceable contracts and price-setting markets - but argued that a supportive government was absent. She would focus on the role of the Chinese government in managing craft production, with the aim of challenging Bin Wong's definition of 'supportive government'. To this end, she would explore evidence from a 16<sup>th</sup>-century centre of ceramics manufacture to suggest the presence of a form of capitalism in early modern China.

Porcelain manufacturing in China dated back to at least the third century AD. From the 13<sup>th</sup> century onwards, a kiln site in Fuliang county in the north of what was now Jiangxi province became prominent. Kilns in and around the Fuliang town of Jingdezhen formed the biggest ceramics-producing site of the Ming dynasty (1368-1644), a position it held throughout the Qing dynasty (1644-1911) and into the 20<sup>th</sup> century. Ceramic goods manufactured in Jingdezhen were transported throughout the Chinese empire as well as many other world regions. In this paper, she would focus on production in the late 16<sup>th</sup> century.

Porcelain was produced for export, as well as for the Imperial Court in Beijing. During the Ming dynasty, the Imperial Court demanded up to 100 000 pieces a year, although, in 1433, it ordered 433 500 pieces. Goods designated as 'imperial wares' were fired in 'official kilns' (*guanyao*), which were strictly regulated in order to preserve quality. When im-

perial demand outstripped the production potential of the *guanyao*, vessels were requisitioned from the many other kilns in the area known as *minyao*, variously translated as popular kilns, or folk kilns. The *minyao* produced goods that were distributed to consumers in the region, elsewhere in the Chinese empire, and markets beyond the empire.

Actual annual production figures that combined *guanyao* and *minyao* were hard to calculate, because there were no records that accounted for all of Jingdezhen's production. Estimates of kiln capacity ranged from 200 to 1000 pieces in *mantou* or bun-shaped kilns to tens of thousands of pieces fired in one session in the so-called *longyao* or dragon kilns that measured over 55 metres in length and 9 metres in width.

Firing a dragon kiln took several days of preparation and several days of carefully managed firing, followed by a slow process of cooling, opening, and unpacking the kiln, and transporting and storing the goods in nearby warehouses. There were numerous dragon kilns in the area, which were probably fired five to ten times a year. This amounted to mass production on a (proto-) industrial scale.

It was known that the Dutch imported 3 million pieces of porcelain in the first half of the 17<sup>th</sup> century alone. Analysis of firewood consumption in the Jingdezhen region had led scholars to estimate an output of 40 million pieces a year in the mid-17<sup>th</sup> century, and about 60 million pieces a year in the mid-18<sup>th</sup> century.

Production of such vast quantities of porcelain for the imperial court required a large workforce. For much of the history of Jingdezhen, households based around the town of Jingdezhen and registered as artisans supplied this specialist workforce, employed in a variety of roles in the imperial kilns. Workers performed strictly separated tasks, and the mass production of porcelain in Jingdezhen was only possible because of this assembly-line style of production.

This production complex had features compatible with Neal and Williamson's definition of capitalism. Private property rights were in operation, as the wares produced in *minyao* were sold by merchants and generated profits for the investors; enforceable contracts governed both production quotas and those labouring in the kilns; and goods were produced in response to demand from a local, regional, and global market.

The question of 'supportive government' is more difficult to assess, and needs to be tied more closely to the issue of labour management. Labour, especially wage labour, clearly played a central role in the rise of capitalism, but what constituted a 'supportive' economic system is less clearly defined. Neal merely describes a 'thoroughgoing market system' in which 'political, cultural and social groups', including consumers and producers, respond to price signals generated within that market. Labour does not feature prominently in Bin Wong's chapter.

The labour forces conscripted from the surrounding areas were known as workers (*gongfu*) and labourers (*shatufu*), and coexisted with those providing corvée services as artisans or craftsmen (*jiangyi*). By the middle of the Ming dynasty, many families with the hereditary status of 'artisan' were in a position to commute their labour service by means of set payments. In Jingdezhen, the practice of conscripted labour service continued to exist well beyond the mid-Ming, and was still in evidence in the late 16<sup>th</sup> century. In Jingdezhen, it was possible for those with hereditary artisan status either to make cash payments in lieu of their service, or to hire someone else to provide the same service in their place.

The transition from conscript or *corvée* labour to hired labour or wage labour could be seen as part of the emergence of capitalism, especially in the handicraft industries of the late Ming. The point was not just that the option of hiring wage labour existed, but that this formed part of a complex labour market in a political context that was ‘supportive’ of this complex, market-led labour management system.

Management of the porcelain producing labour force in 16<sup>th</sup> century Jingdezhen involved numerous problems at the micro level, including issues of accountability, productivity, skills and quality control, and working conditions. These issues only concerned those who were in charge of labour in the porcelain-production city of Jingdezhen, but clearly, this capitalist system had far-reaching consequences for the workforce. One could also connect these micro-level problems to the major changes of the global economy of the latter half of the 16<sup>th</sup> century, most notably the global circulation of silver.

Labour management practices in Jingdezhen in the late 16<sup>th</sup> century only formed a small part of the complex history of porcelain production in early modern China. To draw significant conclusions, one would need to explore many more aspects of the industry, consider those characteristics over the many centuries of production in Jingdezhen, and compare those observations to similar discussions of the silk and cotton industries, to name but a few similarly expansive areas of economic growth in late imperial China. Nonetheless, this discussion of labour management practices added something that largely seemed missing from the CHC, and deserved to be taken seriously.

## Discussion

**Prof Freund** said there were clear parallels between what Prof Gerritsen had described and state-created enterprises in France under Colbert in the 17th century, which included the manufacture of Sevres porcelain. Unlike Britain, this did not lead to an industrial revolution. The only factor that seemed different was that Sevres porcelain was very high quality and produced on a smaller scale, while Britain produced items on a larger scale for the middle classes as well. He asked Dr Gerritsen to comment on how this reflected on the origins of industrial capitalism, as China did not proceed towards industrial capitalism in the same way.

Responding, **Prof Gerritsen** said Jingdezhen produced a far greater range of porcelain in terms of quality and volume than Sevres or Meissen. It failed to proceed to industrial capitalism because it lost the competition not against Meissen and Sevres but against the Staffordshire potteries that flooded the market with mass produced and easily accessible goods. Therefore, China lost the initiative in the 18th and 19th centuries for global reasons, but regained it in the 20th. The route to capitalism was not a single or repeatable trajectory. However, it was a globally connected process, with shifts of emphasis over time in different places. The different trajectories of development were interwoven with one another.

**Prof Inikori** said Prof Gerritsen’s account was consistent with his idea of capitalist development. In his view, capitalist development did not have any specificity in terms of culture or geography. As he would argue later, more or less the same process occurred in England and West Africa, but the English process succeeded and the West African one failed. His problem was to understand why this had happened. He asked whether there was data about the relative magnitude of the different types of labour employed in craft production.

**Prof Gerritsen** said one needed to ask where capitalism had developed and why it had happened there, rather than ask where it did not happen. Failure might be relevant for the African case, but did not seem relevant to China, which was more about global competition. Labour was very difficult to quantify precisely from existing records.

**Prof Tagliacozzo** asked Prof Gerritsen to expand on the distribution of Chinese porcelain throughout South East Asia and its role in fostering a 'proto-capitalist possibility' in the region. He also asked whether the merchants involved in distributing the porcelain should be seen as extension agents of capitalism, or purely mercantilist.

**Prof Gerritsen** said vast quantities of porcelain were distributed in South East Asia. The goods were shipped by merchants, essentially via junk trade. It was difficult to capture all this activity in a structural system that could be easily labelled. However, it was all interconnected. Extension as a useful way of thinking about it. Without those goods being distributed throughout South East Asia, far less would have been shipped to Europe. The Portuguese and Dutch relied heavily on goods delivered to Japan, Batavia and Bataan. Therefore, distribution to South East Asia formed an essential part of global trade, especially in the 17th century.

**Prof Mathee** asked Prof Gerritsen to clarify over what period this form of porcelain production took place, and where there were any meaningful technological and organisational changes in the production process during this period.

**Prof Gerritsen** said Jingdezhen had emerged as the main site of production in the 14th century. However, porcelain production in China had started in the third century. The technology was very old. The story of Jingdezhen went back to the early 11th century, but better records were kept from the 14th century onwards. She had concentrated on the 16th century as records were more extensive. Production continued in the 17th and 18th centuries and declined rapidly in the 19th, partly because of growing global competition, but also because of the destruction of kilns in natural disasters.

In the early 20th century, items in the imperial collections flooded onto the illegal market when the empire ended, and imperial quality items could now be found in collections all over the world. So this was a story of long duration.

Production could be easily increased because of the system of separate workshops, which had a sideways capacity for expansion. This was easy to replicate in any region within reach of the necessary natural resources. So the Jingdezhen complex was expansive, similar to Chinese agriculture in the 18th century which could accommodate vast population growth because it could be intensified by putting more people to work and improving fertilisation. This expansive quality did not require a leap to mechanisation, which probably illuminated Prof Inikori's question about why capitalism had failed to develop in this instance. The workforce was organised in such a way that capacity could be increased without mechanisation.

**Prof Heller** noted that early modern capitalism in Europe was not free enterprise, and that the state played a major role in superintending the development of capitalist enterprises. The state's interest in these enterprises had a lot to do with the mercantilist system and the balance of trade and payments in these European countries. Inflows of silver and gold were crucial, as they provided the resources for powering the state, but also animated internal economies. He asked what role the potteries had played in China's silver econo-

my, and whether people in the state structures and others were aware of the importance of the relationship between the role of silver in the Chinese economy and the potteries.

**Prof Gerritsen** said the potteries played a huge role in the silver economy. Companies came to China to acquire goods, and paid for them in silver. Porcelain, together with silk and tea, was the mainstay of Chinese manufactures.

There was a huge awareness in the Ming too of the significance of the influx of silver and the silverisation of all aspects of society and the economy. But the state failed to effectively tax mercantile activity, and did not benefit from it. A vast amount of production moved into South East Asia and onto ships, but all this was untaxed, and the state did not profit. There was an influx of silver, but the state did not gain in strength from it.

**Prof Gill Hart** referred to the work of Ho-Fung Hung that resonated with Prof Washbrook's argument about South India. Basically, he asked why industrial capitalism emerged in England and not in China, which was the most advanced economy in the early modern world. His explanation was that the Ching dynasty restrained merchant capitalism as it feared the potential of merchant capitalists for social disruption. The state regarded unlimited profiteering as dangerous, and therefore placed limits on merchants. This undermined the emergence of forces concentrating the rural surplus in a way that would shape an industrial capitalist process. He also argued that the Communist take-over in 1949 and the first state five-year plan in particular triggered the emergence of rapid industrial growth from the 1980s onwards.

**Prof Gerritsen** said she was familiar with arguments about fear of social disruption. The merchant class did not form part of the state enterprise, and there was a fear of what it might do if it was left to develop in an unfettered way. In her view, industrial growth was not triggered in 1949, but in 1878 when the communist state facilitated individual enterprise – when people could continue to work in a state enterprise but could also sell their own products, or conduct their own mercantile activities.

In the earlier period in question, the state was not sophisticated enough to facilitate the advanced banking mechanisms that would have allowed the merchants to become valued participants in the state enterprise. Rather, it continued to hold onto an agricultural foundation.

**Prof Washbrook** said the presentation had raised questions about the politics of skills and knowledge. He asked whether there was any resistance to the deskilling of the workforce; whether people tried to protect their skills; and whether this manifested itself in changes in design, or whether pottery design was completely continuous from the 14th to the 18th centuries. He also asked about the concentration of skills and knowledge, or what would be called intellectual property rights today. Could anyone get into this industry, or was it controlled by people who had the skills and knowledge in power terms?

**Prof Gerritsen** said this was not a timeless story in any way. Production methods changed vastly, and the ownership of technology and knowledge was actively protected. A history of technology or art would produce a completely different picture of constant changes in production, designs, ideas and technologies, which were vigorously protected. This would be a far more complex story that was not really only about capitalism.

## ERIC TAGLIACOZZO

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### Capitalism's missing link: what happened to South East Asia?

SOUTH EAST ASIA (SEA) was often shunted to the side in global narratives, and this had happened again in the CHC. This was highly unfortunate, given that SEA comprised half a billion people, and played a huge role in the development of world trade.

SEA was the place the European explorers were actually looking for. They knew about spices, they knew about gold dust, and knew about these exotic goods that the west was very interested in but only had in small quantities. A lot of the reason why Vasco da Gama, Christopher Columbus and other explorers were looking to get out into the world had to do with finding SEA. To some extent it also had to do with India, China and Japan, but SEA was the locus classicus for those voyages of exploration. So to effectively leave it out of the history of capitalism seems to be a mistake.

This was not just a one-sided meeting. SEA has its own histories, and there were many developed societies in SEA at this time as well. It was undergoing its own transformations as these exchanges started to take place with the West and elsewhere.

In the 1770s, Adam Smith wrote that Indies and the Indian Ocean generally were sites of enormous energy and flux. All along these shores, he saw commerce being pushed forward by 'millions of eager hands', although there were already ominous signs of developing inequalities. Smith felt that this massive trade ultimately ensnared all nations that participated in this conduct regardless of geographic origins.

Nearly a century later, Karl Marx saw a different vista in the region, with production overtaking mercantilism as the organising principle of wealth. England in particular was no longer keen on sharing the rewards of this interaction. In *Das Kapital*, he wrote that, in India, the English were applying their direct political and economic power as masters and landlords to destroy these indigenous economic communities'. This observation held true for the gathering European dominions in the rest of SEA as well.

He intended to explore three aspects of this process of the history of encroaching capitalism: the evolution of territorial control; the development of commercially interested states, and how state formation took place across the thousands of miles of SEA where a number of empires were born, lived through cycles of development, and died; and the nature of the economic stimuli that had caused these processes, including capitalism, its various frequencies and provenances. More of these energies were local and Asian than had previously been recognised.

After examining these aspects in detail, Prof Tagliacozzo said SEA was a test case for the processes of economic modernity that swept the globe from the 14th to the late 18th centuries. The economic changes in many areas provided clues to the widespread and transformations attendant on the world getting much smaller in a relatively short period.

In this part of the world, borders and boundaries changed from local forms to newer western-influenced ones. States took on economic engines that were 'modern' in conception, relying in some places less on absolutism and more on the ability to concentrate and wield commercial power through bureaucracies. Crucially, SEA societies also made choices about how they were to be economically organised. These were often based on

models and energies from afar which were still evolving well into the 19th century. Change only began to spread in a wholesale way in the 19th century.

As with everything else involving economics, there was a price to pay for all this change. One price was a greater connection to emerging global political, religious and cultural norms, but especially economic ones. Fully half of SEA became either Muslim or Christian during this period, which changed local attitudes about many aspects of social life, including the nature of commercial exchange. Local ways of doing things were replaced by practices prevalent in an arc of globally connected societies. This was a good thing in some contexts, but often wasn't for autochthonous people. For example, in parts of SEA, merchants now needed imperial permission to trade, when before they came and went as they pleased, and pastoral economies diminished as the emerging world market drew more and more localities into its ambiguous embrace. Patron-client relations broke down, and the contemporary capitalism began to appear.

## Discussion

**Prof Washbrook** asked whether Islamisation had played a major role in the modernisation of South East Asia. The Islamic world was marked by trading linkages, technologies and institutions, including banking systems, and some scholars were paying increasing attention to the Islamic origins of capitalism. It seemed that Islamic people had entered SEA in various ways, including through India. He asked to what extent they had brought these technologies and institutions with them, and what sort of role they had played in the pre-colonial period.

Responding, **Prof Tagliacozzo** said Islam penetrated SEA in various different ways, and from various directions. This became a major influence, to the point where Indonesia was the world's largest Muslim country today. Among other things, Islam came with Arab merchants across the Indian Ocean. All the main ports had port masters, who were not indigenous and spoke multiple languages. Almost all of them were Muslims.

**Dr Machado** asked Prof Tagliacozzo to comment on the role of the trade in marine products, and its importance in braiding together the various commercial networks in the region.

**Prof Tagliacozzo** said marine products were less important in western trade, but played a major role in trade with China. One of the main links between China and SEA was the marine production trade, including pearl, mother of pearl for furniture inlay, fish maws and shark fins, and the volume of trade was enormous.

In the late 18th and early 19th century, the Sulu Sultanate in the southern Philippines brought in large numbers of workers to produce these marine goods, which eventually went up to China in Chinese junks. This production regime was an eerie capitalist precedent in a non-western place like the Philippines. It was a conveyor belt of local produce going up to China. This reinforced Dr Yazdani's earlier suggestion that one should perhaps not talk about capitalism but about capitalisms. Capitalism developed in various different forms in different places at more or less the same time.

**Dr Yazdani** asked Prof Tagliacozzo to elaborate on forms of production, forms of labour, and the associated technologies.

**Prof Tagliacozzo** said one of the reasons why SEA's omission from the CHC was so egregious was that Dutch Indonesia was the single most profitable colony in history. The

Dutch made relatively small investments in Indonesia, but made enormous profits. In the late 19th and early 20th century, vast stretches of Sumatra were turned into giant estates for rubber, palm oil and other products.

This was enabled by the Dutch cultivation system. In the mid-19th century, 88 per cent of the value of Dutch trade from Java was generated by two crops only, namely coffee and sugar. This was extraordinary, and amounted to completely remodelling the landscape of a given place. This also involved forcing different modes of production on to peasants. While coffee did not originate in Java, many people still thought of coffee as Javanese because of these production regimes. This was the legacy of capitalism.

**Prof Hart** noted that the Dutch settled the Cape en route to the ‘Spice Islands’, and also imported slaves from Java to the Cape. She asked Prof Tagliacozzo to comment more broadly on connections between Africa and South East Asia.

**Prof Tagliacozzo** said connections between Africa and South East Asia were extensive and had developed over centuries. In the early 15th century, at least two voyages of discovery had reached Africa. A Chinese painting dated 1415 showed a giraffe – probably from Somalia – being led through the Chinese capital. There were African mercenaries at SEA courts in the 14<sup>th</sup> and 15th centuries, and evidence of extensive trade in porcelain abounded along the East African coast.

**Prof Gerritsen** asked to what extent the traditional SEA states before the advent of high colonialism succeeded in extracting resources from the population.

**Prof Tagliacozzo** said some states did it better than others, but some with ‘shocking precision’. Angkor Wat, for example, was a huge empire. Satellite imagery had revealed that Angkor Wat was two to three times larger than was originally thought. It was sustained by the great lakes next to it, which flooded in half-year cycles from the Mekong delta. When the water was at its highest, it had the highest density of fish anywhere in the world which would have supported a population of well over a million people. He could not think of any other city a thousand years ago with a population of one million people.

The state mobilised extraordinary amounts of labour power, including armies of hundreds of thousands of people, and tens of thousands of people for various building projects, including hospitals, roads, and irrigation projects. This was just one example of a premodern state that was capable of doing these kinds of things.

**Prof Heller** asked how Dutch colonialism had changed labour regimes in the region.

**Prof Tagliacozzo** said in terms of the Dutch cultivation system, from 1830 to 1870, all Javanese were required to provide a sixth of their lands or 66 days of corvée labour to the colonial state. This is how the huge Dutch sugar and coffee and tea plantations were built into the landscape. In the 1870s the system changed away from the state, and private capital started to pour money into the Javanese countryside. This ended corvée labour and state cash crops, and peasants returned to rice cultivation.

**Prof Menon** suggested that the omission of SEA from the CHC could have been caused by a fundamental theoretical problem. Scholarship was largely around SEA as a space of merchants and trading, and less about manufacturing and production systems and processes. Perhaps there was something fundamental about the definition of what constituted capitalism which then left SEA out of it.

This went back to the question of how capitalism should be defined, and what its features were. When one talked about SEA, only the legendary Chinese merchant capital came to mind. In other places, merchant capitalism was short-circuited, but this is where merchant capitalism triumphed, and then developed into post-colonial investment.

**Prof Tagliacozzo** said it was curious that SEA was so often left out of these equations. The traditional answer was that a lot of history was also about looking at the present and what people imagined the future would be. It was clear that India and China would be the future. These were countries with huge populations that were also becoming ever more important in economic and political terms. Perhaps the CHC authors felt they had to deal with the big players in Asia. Moreover, SEA tended to produce scholars who were often overlooked. Perhaps they should make a greater effort to move beyond their own audience.

**Prof Matthee** said another reason might be that the major imperial blocs, notably those in India and China, coincided with certain cultural spheres. By contrast, SEA was territorially scattered, and no single colonial empire had come to the fore.

**Prof Tagliacozzo** said Dutch schoolchildren were taught about Indonesia, and French children about French Africa, Indo-China, Vietnam, Cambodia. British schoolchildren tend to learn about India and the Raj. This did not happen in the US despite it being involved in the Philippines for more than 50 years.

**Prof Menon** said studies of contemporary capitalism engaged with Korea and the SEA tigers, and it was still a puzzle why the CHC did not engage with this.

**Prof Tagliacozzo** noted that, as the world changed, the politics of knowledge changed as well. For many years, the heads of Asian universities had come to the US with their hats in their hands, trying to make arrangements with the famous American Ivy League universities, and were often not well treated. Today, the presidents of Harvard, Yale and Cornell were going hat in hand to leading universities in Asia.

## PEDRO MACHADO

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### A view from another boat: vernacular capitalists and Indian Ocean histories of exchange

The economies of the Indian Ocean were generally seen as undergoing an inexorable process of incorporation into regimes of exchange and capital circulation driven by the ideologies, institutions and practices defined by the northern Atlantic merchant capitalist and imperial centres.

Conventionally, the decline of vernacular commerce and entrepreneurship in the Indian Ocean and its subordination to a global Atlantic-centred capitalism was attributed to three factors, namely Britain's political ascendancy; the emergence of the Northern Atlantic as a hub for redirecting and reshaping trade and capital flows; and the competitive and comparative advantages of larger organisations, such as trading companies.

This perspective neglected the adaptations of and innovations in the Indian Ocean political economy and its institutions by vernacular merchants and entrepreneurs in attempting to deal with these challenges.

Nonetheless, it remained an enduring teleology, especially of the triumph of empire. In this perspective, the crystallisation of British rule in South Asia, Africa and elsewhere from the late 18<sup>th</sup> century onwards and the large-scale financial commitments of British European and perhaps American capital in oceanic trade was seen as signalling a break with the past and replacing it with a new era marked by the dictates of western commercial and increasingly industrial capitalism in which oceanic networks were subverted if not displaced from its remits of commerce, exchange and finance.

This often left one with a notion of a commercial world that was almost entirely reordered and remade by the pressures and forces of expanding global capitalism and free markets in the final quarter of the 19<sup>th</sup> century.

In this view, South Asian and Asian business was partly channelled into a parallel bazaar economy that stretched from the South west Indian Ocean to Singapore, and encompassed peasants, peddlers and merchant groups. It utilised indigenous remittance instruments, including parallel money markets, as well as kin, clan and other types of networks and partnerships. It was organised around Asian interests that intersected with those of European origin, but were guided and governed by large indigenous concerns. The bazaar network stretched from colonial cities to vast hinterlands where European business was not present.

The nature of the relationship between the bazaar and market economies had been extensively debated. Some scholars continued to place the bazaar economy in a dualistic relation with European-owned commercial instruments, institutions, and modes of business. He would argue that this interpretive model tended to exaggerate the extent to which Asian and especially South Asian networks were subordinated to the global capitalist economy.

Confronting the realities of growing European commercial and financial investments in the global economy, South Asian merchant participation was crucial to elements of its regional structure and dynamics. The Indian Ocean networks not only adapted to changing landscapes, but shaped them in fundamental ways. Indeed, they helped to constitute the global economy and the emergence of Indian capitalism from the middle of the 18<sup>th</sup> century onwards, alongside European and American capital.

Besides shared synergies and continuities, including partnerships between Asian and European business, the worlds of the bazaar and the market were linked by the mutually hybridising ways in which Asian businesses and European commercial institutions and practices interacted with one another. In this regard, he shared Prof Gerritsen's suggestion of taking a relational and connective approach to the histories of capitalism or capitalisms.

There was a growing realisation and understanding that British and Europe-American capital interests did not sweep aside subcontinental and regional commerce. Rather, the latter grew in three broad dimensions, namely within an integrating subcontinent; across frontiers in the wider Asian Indian Ocean Region; and via trans-oceanic trade with Europe and the north Atlantic. Fluid organisational and regulatory environments and frontiers were pervasive aspects of Indian Ocean commerce in this period.

The study underscored the importance of studying vernacular capitalisms on their own terms as specific forms of broader subcontinental modernity. In this context, Indian Ocean commerce should be seen not merely as an arena of local adaption and innova-

tion, and its reciprocal relations with an emergent global economy in the 18<sup>th</sup>, 19<sup>th</sup> and 20<sup>th</sup> centuries should be further explored.

## DISCUSSION

**Prof Hanna** asked whether indigenous Islamic and western legal instruments operated in parallel with one another, which was prevalent throughout the Arab and Ottoman worlds. Besides this, she was not aware that Africa had consumed Asian textiles on the scale that Dr Machado had outlined. She asked whether no textiles were produced in East Africa, and if so, why this was the case.

**Dr Machado** said coarse cloth was produced in Mozambique, especially in the Zambezi Valley, which was used as bedding and for sails for river craft. Asian textiles did displace or undermine African production to some extent, but this was also because of the popularity of Indian dyes as well as other technologies such as block printing.

Legal regimes were a fascinating issue, which played an important role from the 1840s onwards. The conventional assumption was indigenous merchants had immediately embraced the British consular courts for issues such as enforcing contracts. However, depending on the situation, merchants also continued to use vernacular instruments. While the British consular courts were important, they did not undermine all the pre-existing legal regimes.

**Prof Vale** asked Dr Machado to comment on the role of Portugal in the context of the workshop. Numerous colonial powers had been discussed, but this seemed to be a missing piece of the puzzle.

**Dr Machado** said that Portugal had enjoyed its 'Golden Goa' period of imperial expansion from the early 16<sup>th</sup> century to the mid 17<sup>th</sup> century, but had weakened thereafter. By the early 18<sup>th</sup> century, Portugal had only nominal control over some places, which included legal structures like magistrates' courts. While they played a meaningful role, merchants were not only operating within the Portuguese empire, but also beyond it. This was another instance of commercial interconnections in the Indian Ocean world.

Portugal then turned its attention to the southern Atlantic, and maintained linkages with Angola and Brazil up to 1822, when Brazil became independent. Some of these linkages involved the slave trade. In the 19<sup>th</sup> century, Portugal – and British capital, operating through Lisbon – stepped up investments in Mozambique and Angola, and the story then unfolded further.

In response to another question, **Dr Machado** said there was room for research on the linkages between older histories and the formalised Portuguese colonial order in Mozambique. However, scholarship on Mozambique was relatively undeveloped, and some key questions remained to be addressed in the Mozambican context.

## JOSEPH INIKORI

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### **The first capitalist nation in the world: the development of capitalism in England**

WHEN setting out to trace the historical development of capitalism, the first task was to identify the elements that captured the economic and political dynamics of the capitalist system of production as clearly and precisely as possible. This would enable analyses of its longer-term development to focus on the most important factors. This needed to be done at the outset in order to focus the historical analysis of the rise of capitalism in England, the first capitalist nation in the world. This could then offer some insights for studying this process in other world regions, including Africa.

Identifying the elements that distinguished capitalism from other socioeconomic systems had engaged the intellectual energies of some of the best minds since Marx had invented the term. Following Marx, many scholars agreed that its essential feature was a class division between wage earners and the owners of capital.

Since the 1960s, some scholars had attempted to redefine capitalism by emphasising elements such as commercial relations, profit extraction, and the large-scale organisation of production. However, those definitions lacked precision, and most scholars, both Marxist and non-Marxist, continued to identify the relationship between wage earners and the owners of capital as the key elements that distinguished capitalism from other forms of socioeconomic organisation. This conception of capitalism captured the dynamics of the capitalist system far more precisely and accurately than others.

Allied to this was the notion of the surplus value of labour, namely that the owners of the means of production paid workers less than the value of their labour, and appropriated the difference. This compelled them to engage in internal efforts to raise labour productivity, which determined the magnitude of their surplus in the long run.

Conceiving of capitalism in this way helped scholars to focus investigations of its development, because they knew exactly what they were looking for – market conditions that separated the mass of workers from the means of production, entrepreneurs who appropriated those means of production, and the social and political repercussions that followed. No other conception of capitalism offered a similar precision.

According to the CHC, capitalism could usefully be defined as a ‘complex and adaptive economic system operating within broader social, political and cultural systems that are essentially supportive.’ Because this definition did not identify the constituent elements of capitalism in a clear and precise way, it was difficult to study the rise of capitalism in a focused way, as cause and effect were confusingly mixed up.

The culture of capitalism did not produce capitalism; historically, it was the other way around. Similarly, the political power structures of mature capitalist societies did not pre-date capitalism; they were the ultimate outcome of the development processes that established capitalist systems of production. Thus the establishment of a capitalist economy in England was preceded by a lengthy process of the commercialisation of socioeconomic life.

The development of a market economy was a precondition for the development of capitalism. One could not have capitalism in an economy in which the dominant system of

production was self-sufficiency, with most people producing goods for their own consumption. In such a setting, capitalism could not develop.

In 1086, the market sector of the English economy produced about 25% of GDP. Between 1086 and 1600, the dominant labour relations changed from a combination of subsistence production for immediate consumption with very little market exchange and tributary labour, including slaves and serfs, producing goods mainly for their lords and subordinates. Self-employed labour produced mainly for market exchange. The ending of slavery in England left serfdom as the dominant labour relation. By the mid-15<sup>th</sup> century, serfdom also ended, setting the stage for the intensification of the commercialising process.

Contrary to the Marxian schema in which capitalism followed the ending of serfdom, it took more than three centuries for the capitalist economy to develop. The demise of serfdom was followed by the development of production mainly for market exchange by self-employed labour organised in families freed from the burden of serfdom. By the 17<sup>th</sup> century, the English economy was fully commercialised, but not yet capitalist. It took more than two centuries after that for the national economy to become capitalist.

The 1831 census revealed the dominant labour relations in the national and county economies in that crucial period. Taking the distribution of adult males 20 years and above as representative of the labour employed in the economy, it allowed one to view the main characteristics of the English economy at the beginning of the fourth decade of 19<sup>th</sup> century.

Legally free wage earners were the numerically dominant form of labour. Of the 2,8 million adult males employed in the national economy, 1,5 million (56%) were wage and salary earners. Of the 980 000 employed in agriculture, 75% were wage earners. Factory workers constituted only 24% of the 1,3 million males employed in manufacturing, handicrafts and retail trade. The remaining 75% were in the latter two categories.

In terms of his definition, the national economy had become capitalist by 1831, but the industrial sector was still dominated by self-employed handicraft producers. Therefore, the national economy had yet to achieve industrial capitalism.

Three counties - Lancashire, West Riding in Yorkshire and Staffordshire - had already achieved industrial capitalism, with more people employed in factory production than in handicraft and retail trades. In all the other English counties, wage and salary earners constituted less than 50% of people active in manufacturing, handicraft and retail trades. Lancashire could therefore be called the first industrial capitalist economy in the world.

The regional distribution of capitalist industry pointed to the causal factors of the capitalist process in England over a long period of time. From 1086 to 1650, wool and textile production for export were the main factors. East Anglia was a major beneficiary of development in that period, which centred on trade with continental Europe.

Agrarian capitalism developed in East Anglia, stimulated by exports of raw wool and woollen textiles. From 1650 to 1850, mercantilist policies restricted England's access to continental markets, especially north east Europe. Atlantic trade became the prime mover, and the regions most heavily involved in that trade - Lancashire, West Riding and the West Midlands - were the main beneficiaries. Those like East Anglia that had relied heavily on continental markets and performed poorly in the rapidly expanding Atlantic trade fell behind.

In this way, the expansion of proto-industrial exports in the leading regions taking advantage of initially cheap labour created the market conditions for the eventual employment of new technologies that revolutionised manufacturing, created employment opportunities in industry and commerce, stimulated the growth of population and organisation, and created the conditions for the growth of agrarian and industrial capitalism. Improved internal and overseas transportation during the railway and steamship age fuelled these developments in the rest of the national economy in the 19<sup>th</sup> century.

## DISCUSSION

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**Prof Heller** said he appreciated the clarity of Prof Inikori's initial definition. However, while the history of the proletariat was important, he did not think it was a decisive factor. For Marx, capitalism began in the 16th century as a result of the accumulation of capital in certain parts of the economy. However, in seeking to understand capitalism, one could not simply use economic determinants; the political and social weight of capitalism within a society was also in play. One had to understand this in order to understand British history; the capitalist sectors played not merely an economic but also a political and social role. The notion of free workers as a defining characteristic of capitalism was also problematic. In fact, large numbers of workers were tied down in the English counties by all sorts of legal and political restrictions, amounting to a system of control aimed at providing a ready source of labour. Labour was closely controlled by restrictive employment contracts that did not end until the 1830s. So the notion of a completely free labour force from the 16th century onwards was problematic. Dr Inikori's definition also raised questions about the role of slavery and serf labour in the development of capitalism.

A participant noted that the migrant labour system in South Africa could not be described as free. In earlier years, migrant workers were controlled by a vicious state, corralled into compounds where at times the conditions of their existence approximated prison conditions. They were not paid while they were working on the mines, but only when they got back home.

Responding, **Prof Inikori** said the process of capitalist development had to be separated from the end product. Capitalism was the end product, and had to be defined by accurately identifying its constituent elements. When this had been done, one could try to trace its historical development in different locations.

In his view, the slave plantations were not capitalist enterprises. However, they undoubtedly contributed to the expansion of the Atlantic market and Atlantic economics within which English capitalist development was embedded.

Workers who took jobs in factories were not politically controlled, or politically compelled to take those jobs. They were only compelled by the market.

Marx developed the argument of primitive accumulation, by which he meant that the small land owners who moved from agriculture into manufacturing were politically manipulated. Labour that came from agriculture did not develop the market; rather, some extra-market or extra-economic compulsion was involved.

He liked Marx, but he was wrong about this. The movement of labour from agriculture to manufacturing resulted from the basic workings of the market. Farmers were not wage

earners, but self-employed producers. They sold their small properties and moved into manufacturing due to the workings of the market. When the prices of agricultural products declined in the 17<sup>th</sup> century, many small farmers sold their land and took up newly developing opportunities.

Proto-industrialisation created an alternative to agricultural employment. Declining incomes by small producers compelled them to leave agriculture and to take up the new opportunities created by proto-industrialisation. It was this development that stimulated rapid population growth in the second half of the 18<sup>th</sup> century.

Some workers were not free, but the vast majority of people who took up jobs in manufacturing were free. No one compelled them to leave agriculture, and no one compelled them to take up these jobs. This was entirely due to economic incentives. The same thing held for migrant labourers. They were not compelled to migrate – they did so on their own. This was not like slavery, when people were forced onto slave ships and carried to the Americas. So migrant labour was free labour. Most workers were very rational when it came to deciding on a course of action in their own interests. Employers of labour wanted to profit, and labourers wanted a good income. These two things collided, often to the advantage of both parties.

**Dr Yazdani** said he believed Prof Heller and Prof Inikori's positions could be reconciled. If one argued that capitalisms, or various forms of capitalism, were present before the first English industrial revolution, their positions would not be contradictory. This would allow for the emergence of merchant capitalism before the first industrial revolution, and a fully developed capitalist system emerging in course of the 19<sup>th</sup> century.

Free labour was not free, but wage slavery. There was an element of compulsion or coercion in wage labour that was important to point out. Moreover, wage labour had only emerged fully by the mid-19<sup>th</sup> century, and a fully developed capitalist system in the second half of the 19<sup>th</sup> century. Before that, there were elements of merchant capitalism and other capitalisms.

Marxists differed on whether slave plantations were capitalist or not. However, it was clear that these kinds of global elements played a role in the first British industrial revolution. There was even evidence that British factories were influenced by Chinese models. Therefore, even the organisation of production was influenced by many factors, and the first British industrial revolution could not be fully understood without taking them into account.

**Prof Inikori** said every time he heard a statement about the lack of freedom of factory workers, he told his students that he was not free either. If he did not go to work on time, he would lose his job. The issue was the difference between legal freedom and the Marxist term of free wage labour, and the way this was defined. Wage earners enjoyed legal freedom; they were not slaves, who were not free, among other things, to choose their employers. The idea of legal freedom was important as it created a context for the politics of labour. The welfare state was a product of worker politics. As the number of workers increased, they were able to mobilise trade unions and demand political change.

This did not happen on the slave plantations. Slaves could not organise and compel their owners to provide a particular working environment. So the idea of freedom was important in capitalism because of the politics that followed that freedom. It opened the path to the power of labour, and the beginning of power over the capitalist.

**Prof Washbrook** said the original German term Marx had used for free labour was ‘vogelfrei’, or bird-free. In Germany, this was the legal term for runaway serfs who were rightless and could be killed, imprisoned, or used as slaves. As regards England, early ‘slaves’ in the industrial revolution were women and children who were rightless under British law, and subject to corporal punishment. For these reasons, among others, free labour was a very problematic term.

Prof Inikori’s definition of capitalism was very specific, and would only apply to a small part of the world, and a particular time. In contemporary Britain, the simple division between the owners of capital and workers no longer existed; most workers now owned capital themselves, through pensions schemes and other financial instruments. So Prof Inikori’s definition was a specific concept for a specific place and time, and was therefore not very useful for broader questions.

In response, **Prof Inikori** noted that one could not seriously say that the capitalist development he had tried to analyse had happened nowhere else. The process of capitalist development in Japan was essentially similar. Capitalism was not Japanese, English or Chinese. And the essence of what was happening in China after many years of a command economy was not that different from what had happened in England. One could disagree about whether his definition was good enough, but definitions should not be nationalised or regionalised. The essential elements of capitalism should be defined and accepted, with minor difference here and there depending on the environment in which these developments occurred. Ultimately, however, it was essential to define the constituent elements of capitalism, as this was the only way in which a focused history of capitalism could be written.

## BILL FREUND

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### **White-run South Africa as a developmental state: an interpretive economic history of 20<sup>th</sup> century South Africa**

Prof Freund said his paper was not about the rise of capitalism, but about taking capitalism in Africa to a higher level. He would also not approach this as a history of oppression, because this had been done many times over, while questions of economic structuration had been pushed into the background. Instead, he would try to relate social issues to economic issues.

He then examined aspects of South Africa’s economic development in terms of three theoretical frameworks, namely modernisation theory, dependency theory and the theory of the developmental state. The theory of the developmental state was an interesting development that had become fashionable in South Africa.

The literature defined developmental states as those in which closer relations existed between the capitalist class, sections of the state apparatus, and key political figures. The state was not dominant, but partnered the business sector in a historical compact aimed at industrial transformation. A key defining element was agency, in the form of state bodies that transcended bureaucratic rules, enabling them to direct capital investment and defy market forces that might constrain structural transformation. The state could also discipline capital, thereby influencing patterns of investment. While the state might tolerate

corruption, this was channelled in ways aimed at achieving economic results. Capitalists, politicians, government officials and sometimes military figures would form an elite, often moulded through social association and personal ties.

Former president Thabo Mbeki used to refer to South Africa as a democratic developmental state, and there was some value in this. However, in applying the development state model to South Africa, there were some important caveats. The first was that the developmental state should not be idealised. One had to ask whether this was not just an advanced form of protectionism.

Another stricture was socio-political. Japan adopted fascism and tried to conquer half of Asia. While Korea and Taiwan worked out models of social benevolence, both were dictatorships, and both were heavily involved in supporting America in the cold war. Most developmental state successes were achieved under the penumbra of right-wing US-dominated Cold War policies.

Another issue was to ask whether communist countries were developmental states, and if so, in what form. This involved not just the Soviet Union but China, Vietnam, and North Korea, as well as Cuba and the countries involved in the Bolivarian revolution, which had come apart.

When considering the developmental state as a model for South Africa, three impulses should be considered. The first was reconstruction. The discovery of gold in this backwater created an immense convulsion, and all aspects of society had to be adjusted to this. It led to the Anglo-Boer War, but beyond this to questions of labour, transport, agriculture, communications and others. It laid the foundation of a thrusting capitalist society. In the Cape in particular there was an industrious society of small businessmen, but this was insignificant compared to what was needed.

He would associate the second impulse with prime minister Jan Smuts. Smuts initially had to deal with various political factions, but when he rose to sole power in 1939, he established a remarkable set of commissions which talked about the restructuring of South Africa. Among other things, this led to the establishment of various new parastatals, with an emphasis on heavy industry tied to mining. Much of this was about how profits from mining should be reallocated to other sectors. The IDC, CSIR and HSRC were all established at that time, and South Africa looked very much like a developmental state in the making.

The Verwoerdian regime did not reject all of this, but pushed the policy of racial partition, which had various consequences in terms of where industry would be located. After 1960 it perceived South Africa as being in a fight for its life, and needing to defend itself. Militarisation, security, and the development of an armaments industry - in collusion with Israel, France, and others - became important. In the process, the earlier economic vision was distorted. In the 1990s, capitalists started to say that South Africa needed to globalise, could not remain a security state, and that politics needed to be thought about in a different way. The economic project became incoherent, with defence becoming expensive, unprofitable and impractical.

This perspective was crucial to understanding South Africa in the mid- and late 20<sup>th</sup> century, and should be addressed for two reasons. The first was that the physical infrastructure still existed. The second was that this model was still prominent in the minds of South Africans, and crossed the racial divide. South Africans still thought this was what the

economy was all about, or should be about; that this was how the economy should continue. 'We need to think about that this means.'

## JOSEPH INIKORI

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### The development of capitalism in West Africa, 1450-1900

Prof Inikori said his paper fitted into the framework he had previously spelled out, namely that capitalism was essentially the same everywhere, that capitalism was preceded by the development of market economies, and that market economies were triggered by the destruction of subsistence economies.

In this context, he would examine the extent to which market economics developed in West Africa in the period in question. He broke this up into four periods. In the first, the market economy developed steadily in the first; maintained momentum in the second; suffered setback in the third, and recovered some of its losses in the fourth.

In the first period, from 1000 to 1450, Niger Bend merchants played a key role in developing West African markets, distributing local products elsewhere in West Africa, and returning with imports. Local products included gold from the Guinea coast. In turn, merchants bought European and Asian textiles, salt from the Sahara, and copper rod, which was used as a unit of currency. This created the conditions for the gradual evolution and geographic spread of the market economy in West Africa.

In the second period, from 1450 to 1650, European commercial enterprise started in West Africa, but African products predominated, with the activities of Europeans stimulating a further expansion of the commercialising process. Products exchanged with European traders included hides and skins. The most expansive development in this period occurred on the Gold Coast, notably the expansion of gold production and exports. Population growth created market incentives for investing profits from gold production and trade in commercial agriculture.

In the third period, from 1650 to 1850, the development of a market economy suffered a major setback when, with the advent of the slave trade, Europeans shifted their demand for tropical and semi-tropical products from Africa to the Americas. This stimulated the expanded Atlantic market, which triggered the industrial revolution in England in turn. West Africa lost its advantage in labour to the Americas, and the Americas became the centre for the production of these commodities. This weakened two drivers of the commercialising process in West Africa, namely population growth and the production of commodities for export, and market development lagged.

In considering why the African process did not produce a capitalist system of production, he would consider the work of John Iliffe and Frederic Cooper. Both worked with definitions of capitalism similar to his own, and both recognised that the limited growth of a mass of free wage labour played a central role. However, they differed about why this happened.

Iliffe emphasised the physical environment as well as culture. In his view, the physical environment restricted population growth, leading to low population densities which strengthened resistance to proletarianisation. By contrast, Cooper emphasised the

strength of the state and individual entrepreneurs under conditions of the limited supply of land. Drawing on Marx's notion of primitive accumulation in which non-market mechanisms were used to create a mass of workers whose only possession was their labour power, Cooper argued that such non-market mechanisms would not work anywhere in Africa except in South Africa.

These explanations were problematic. The physical environment was not a major determinant of West African population growth between 1650 and 1850. Evidence accumulated in the past few decades pointed directly to the effects of the transatlantic slave trade as a critical factor. Also, in the long run, culture was not an independent but rather a dependent variable. The culture of capitalism did not produce capitalism. It was the establishment of the capitalist system of production that led to the emergence of a supportive political power structure and capitalist world view.

Cooper had a deep understanding of the dynamics of the capitalist system of production, but he was wrong in his application of the notion of primitive accumulation to proletarianisation in England. Evidence produced since Marx showed that the proletarianisation process was driven by the responses of English farmers to changing market conditions, including declining agricultural producer prices during the 15th and early 16<sup>th</sup> century, and growing employment opportunities in manufacturing and commerce. Therefore, the absence of non-market mechanisms did not offer a satisfactory explanation for the limited development of capitalism in West Africa. A more satisfactory explanation was to be found in the limited development of a market economy, which limited the size and power of the market engine that drove the proletarianisation process in this period.

## GILL HART

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### Revisiting the history of capitalism: reflections from an African perspective

Prof Hart explored a number of themes raised in the course of the workshop, especially those involving a southern African perspective.

One of them was a question asked by a student: why bother to rethink the history of capitalism, and why do so now? The most obvious and immediate answer was the publication of the CHC. It invited a critical engagement that the papers had done very effectively.

There were references to the financial crisis of 2008, and how it looked as though capitalism was teetering, and had recovered to some extent, although it seemed headed for some kind of cliff. Then there was the growing prominence of India and China. India was the most rapidly growing economy in the world. China is this phenomenon of the late 20<sup>th</sup> and early 21<sup>st</sup> century. Besides its growing engagement with many other regions and countries, the US was floating on a sea of Chinese debt.

In broad terms, capitalism could be seen as an uneven process of creation and destruction. Several of the papers had focused on the creative side, illuminating examples of successful capitalism. Others, particularly students, had asked questions about the more destructive side of capitalism. Both aspects seemed to have intensified, but she would argue that the destructive side was overriding the creative side.

South Africa was characterised by massive concentrations of wealth alongside wageless life and ongoing dispossession. But this was also happening in India and China. Therefore, South Africa was extreme but not exceptional.

A major issue on the destructive side that had not been raised was the environment. South Africa was not confronting the commodity bust, the reason why Brazil, the previous poster child of progressive capitalist development, was now in free fall.

A key question confronting participants was what understanding of capitalism was adequate to the present conjuncture. The workshop had emphasised history and theory, and theory and history together. A lot of debate had come up about what an adequate theoretical framework might look like. She would argue that this lay in an interconnected historical geography, combining history with a spatial understanding, and some of the papers had brought that out.

An interesting debate had emerged about the question of transitology and the diversity of forms. One participant had argued that the diversity of forms was not a problem, given Marx's method when properly understood of advancing from the abstract to the concrete, in the sense of a concrete concept that is a product of multiple relations and determinations, and adequate to the concrete in history. Perhaps capitalism should be understood as a product of these multiple relations and determinations, as opposed to a stripped down teleological understanding.

There were many versions of Marxist theory. What was known about his extensive notes in later life punctured any notion of Marx subscribing to a unilinear evolutionary teleological model, and showed that he rethought his work on India and other world regions as well. This was relevant to dealing with the past in ways relevant to the present. 'We can't just read Marx line by line; the question is how do we push beyond this.'

At this point, especially from an Africanist perspective, the question of black Marxism and the black radical tradition became important. As CLR James had argued, one could not use Marxist methods without engaging with the traditions of the oppressed.

She had found useful elements of geography in Lefebvre's attempt to rethink Marxist methods in spatial terms. This called into question the dualistic Western understanding of time and space, with time as active and dynamic, and space as a passive backdrop. Instead, Lefebvre argued for a relational conception of space and time, amounting to a refusal to separate the material and the ideological.

Lefebvre also argued that reading Marx primarily in terms of the relationship between capital and labour produced a Eurocentric understanding of capitalism. Instead, he argued, one needed to return to Marx's conception of a trinity between capital, labour, and land and nature. Once one began to take land and nature into account, one's understanding of capitalism changed in some important ways. This included questions of territory and power, and the emergence of nation states.

Other scholars had also laid out arguments about the imperative of not just theorising capitalism from the South, but of understanding how the West or North was fundamentally produced in and through its relations with other regions. This was a way of getting to spatial-historical interconnections and mutual processes of constitution that were attentive to specificity and interconnection at the same time.

It fundamentally called into question what a lot of theorising - both Marxist and non-Marxist - tended to do, namely to posit a broad encompassing process and then to see

particular cases as variations of that process. Instead, Lefebvre's approach argued for the need to understand constitutive processes; to say, one was interested in a broader totality, but as a conceptual procedure rather than as an assumption.

From an African perspective, this is where the black Marxist tradition became important. At the outset, CLR James held that the historical development of world capitalism was fundamentally influenced by racism and nationalism, and insisted on understanding capitalism in terms of racial capitalism. The workshop had touched on the whole Atlantic system of capitalist formation via Africa and the Americas, including the slave trade and the plantation. She would argue strongly on the side of CLR James that plantations were a form of factory production in the field. This also showed that trans-Atlantic processes were important from the outset.

One could also not think about the French revolution without considering the Haitian revolution, which showed how the struggle against transoceanic capitalism was also transoceanic, and how race was fundamentally constitutive of capitalism. One also needed to remember that after the abolition of slavery, labourers from India and China were transported in former slave ships to places all over the world. This was an added reason why oceanic processes were central and interesting.

All this amounted to searching for a conjunctural framework; thinking about different regions of the world and their relations with others in particular historical conjunctures, and the forces this generated that produced new conjunctures.

## Discussion

**Cynthia Kros** noted that the Smuts commissioners were driven by fears that gold would soon be exhausted, and that South Africa would need to turn to secondary industry. They were also worried about what would happen when men came back from the war and looked for jobs. There were also huge concerns about how to integrate the reserves into the central economy, and, following on from that, what kind of education would be appropriate. She asked Prof Freund to comment further on these factors.

**Prof Freund** said while the Smuts vision was very racialised, it did constitute a vision, and there was an excitement about creating a new South Africa. There was some kind of idea that society would be remade, and that South Africa would become a significant industrial power. There was this kind of dream, and Smuts was the central figure. He did have a coterie of people around him, as well as institutions that operated outside the political framework. South Africa today was in a different wave of democracy, and it would be very hard to impose such a vision. All sorts of groups would want to play a role. People were struggling to think about how the economy should continue to develop, and how jobs should be created. There was no single solution, and he did not have an answer.

**Prof Vale** asked Prof Freund whether he was divorcing industrial growth from South Africa's participation in the war, which was normally cited as the main cause.

**Prof Freund** said the isolation brought by the war had sparked a lot of unplanned industrial expansion. However, the Smuts grouping introduced a fresh impetus; an idea that they were going to remake the world. There was a notion of facing a real threat from communism. In the early stages of the war at least, there was also an idea that the Japanese might reach South Africa, and they should think about what to do then. Smuts did

take advantage of the war; in wartime, one could direct all kinds of things in the economy. The opposition didn't like it, but they agreed.

The then head of the ANC, Dr Alfred Xuma, was also unfairly pushed aside historically because he was disliked by Mandela and his associates. Xuma was inspired by the New Deal in America, and also had an American wife, which was why the Women's League was started. He was strongly influenced by the discourse of the New Deal, and made a visionary statement in 1942 that was quite different in some respects from the line taken by other ANC leaders.

A participant said there was a period during CODESA when a skilled elite had been assembled, who seemed committed to some kind of common vision for South Africa. However, this vision had since been lost. He asked whether this could be recreated.

**Prof Freund** said there was a moment of uncertainty when conservative forces were pushed back substantially, creating more scope than usual for thinking about things in a new way. One could refer to the Reconstruction and Development Programme (RDP), but one had to ask whether this was an equivalent vision. The National Development Plan (NDP) was hundreds of pages long, written by people who profoundly disagreed with one another. So it would be very difficult now to formulate this kind of vision. If one was talking about a solution within capitalism, relations between the state and business became important. They were not enemies, but also not the best of friends. The government was eager to create a black business elite, but this was proving to be a difficult task.

While not entirely original, the notion of the mineral and energy complex raised by a questioner was important. The developmental state initiative was aimed at promoting that sort of approach. Essentially, it was about how to shift revenue from mining to other economic sectors, and heavy industry and the enormous consumption of energy - which also had environmental implications - were crucial. South Africa was still stuck with the mineral and energy complex, and he did not see it going away. In fact, it was other parts of the economy that were doing badly. However, it was not a coherent project in the way it had been previously, and had some inherent limitations, including the assumption that one could continue to sell gold indefinitely, despite the fact that some people pointed out at that time that gold would run out. The Smuts visionaries did not worry about exports; they just did not see this as a problem, which proved to be a major flaw as time went on.

As regards migrant labour, the notion of the proletariat was obviously central to Marxism. However, as capitalism advanced, it was increasingly shedding workers. This was a huge social problem. In South Africa, the migrant system was based on the theory adopted by white ideologues that urban blacks would return to a way of life they understood and liked, which was increasingly unrealistic, and worked to eviscerate the economy. As a result, South Africa was stuck with a massive unemployment problem. Ultra exploitation was widely regarded as a problem; today, however, the problem was that so many people were not being exploited - they were not at work. One had to recognise that that side of capitalism was changing. Wage labour was needed, but one also had to consider what happened to all those people who weren't wage labourers. Another issue was gender, which had led to changes in households that were quite revolutionary. This was another factor one could not just push away, saying it did not form part of the economy.

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