

## *Marxism and Merchant Capitalism*

‘Merchant’s or trading capital’, as Marx refers to it as the start of the sequence of chapters where this is discussed in *Capital* vol. 3<sup>1</sup> was largely marginal to Marx’s understanding of the capitalist mode of production, which, of course, was embodied in the dynamics (the laws of motion) of industrial capital and personified by the industrial capitalist. In fact, in its leading form, viz. as commercial capital, it was simply a transmuted form of industrial capital itself, a circulation of the commodity capital of the industrialist, ‘for ever penned into [industrial] capital’s circulation sphere’. Merchant capitalists do figure in volume 3 but they do so strictly only as agents of industrial capital.

I shall argue that it was perfectly consistent for Marx to argue in this way, since he saw the accumulation of industrial capital as the driving force behind the capitalist mode of production and his interest lay in analysing the accumulation process of a total capital dominated by large-scale industry. However, this conception *will not work historically* when Marxists have to deal with periods of history where industrial capitalism (the capitalist mode of production in Marx’s sense) was largely embryonic or even completely absent. The reason why most Marxists tend not to be troubled by this is that the centuries of early capitalism (to use a conventional term that was popular among historians roughly a century ago) have on the whole been framed either in terms of a historically nebulous ‘age of primitive accumulation’ (Dobb) or, from the fifties on, as a prolonged transition from feudalism to (industrial) capitalism with its implied “coexistence” of modes of production. But a major upshot of this conceptual indifference, so to speak, has been the abdication of this whole field of history to historians working largely outside a strictly Marxist tradition, even if at least some of those historians, notably Braudel, were profoundly influenced by Marx.

What I shall do in this chapter is start with the way Marx understands merchant’s capital, underscoring both the methodological nature of the discussion and the conflation it generates when abstracted from its methodological context. I shall then look briefly at the sharp differences of perspective among later Marxists and the most interesting criticisms that emerged of the formalism typical of the more ‘orthodox’ strand among them. The rest of the paper will then mobilise the rich historiography that allows us to reinstate a notion of merchant capitalism as a perfectly valid category consistent with Marx’s own ideas about capital. This integration of history into theory is absolutely crucial to any future progress in the way Marxists debate and understand capitalism.

The two strongest features of Marx's discussion of merchant's capital in Volume 3 relate first to the distinction he draws at the very start of Part Four when *defining* this type of capital (that is, his opening sentence in Chapter 16) and second to his repeated reference to the merchant as a capitalist and his frequent references therefore to both 'merchant capitalists' and 'commercial capitalists'.<sup>2</sup> The second of these features should make it plain that 'merchant' in this chapter of the *Handbook* stands for the more powerful groups of merchants connected with the import/export trades and the money markets and not for the mass of traders which, in most countries even today, consists of the smaller retail businesses and petty traders straddled between the middle class and the mass of wage labourers. In addition, there are isolated passages in the *Grundrisse, Capital* Volume 2 and elsewhere that throw fascinating light on how Marx viewed the putting-out system.

'Merchant's or trading capital is divided into two forms or sub-species, commercial capital and money-dealing capital', writes Marx at the start of Chapter 16. Under 'money-dealing capital' Marx includes money-changing and the bullion trade, and notes that money-dealing in either form 'first develops out of international trade'.<sup>3</sup> In its most developed form money-dealing, Marx says, includes the 'functions of lending and borrowing, and trade on credit', though these are discussed in the chapters on interest-bearing capital.<sup>4</sup> Thus the distinction drawn as Chapter 16 opens is basic and opens the way to a more expansive discussion of the origins of capitalism since finance and the money markets become integral to our topic. Secondly, the same chapter describes the merchant as a 'a particular species of capitalist', making it clear that we are dealing here with capitalists.<sup>5</sup>

The 'specific nature' of commercial capital, Marx claims, relates to its function in facilitating the circulation of industrial capital through the transformation of commodity capital into money. The money capital advanced by the merchant does this 'through perpetually buying and selling commodities'. 'This is its exclusive operation', the 'exclusive function of the money capital with which the merchant operates'. Thus commercial capital or the money capital advanced by merchants 'remains for ever penned into capital's circulation sphere'.<sup>6</sup> The buying and selling of the commodities that make up the commodity capital produced by the industrialist are 'functions peculiar to commercial capital',<sup>7</sup> although in reality, Marx acknowledges, commercial capital can also be found involved in businesses such as the transport, storage and dispersal of goods. A crucial step in the analysis claims that a 'theoretical definition' of commercial capital and thus of merchant's capital as a whole has to abstract from those 'real functions'. 'For our purpose, where what matters is to define the specific difference of this special form of capital, *we can therefore ignore these functions.*' 'We only have [the] pure form once those functions are discarded and removed.'<sup>8</sup> Buying in order to sell is commercial capital's 'true function' because the merchant's role is to act as a circulation agent of industrial capital.

To repeat, the ‘theoretical definition’ of commercial capital commits Marx to the view that buying and selling is the sole function of the merchant or of commercial capital. The meaning of ‘sole’ here is strictly contingent on the methodological context in which it occurs. Of course, in reality, that is, viewed *historically*, things were quite different. The bigger merchants did a great deal besides buying and selling. They transported goods, ‘organized and financed voyages’,<sup>9</sup> owned or controlled shipping, organised household producers into putting-out networks (co-ordinated production), brought workers into factories and concentrated production in factories,<sup>10</sup> financed and managed plantation industries and owned plantations, innovated products, invested in the production of new designs,<sup>11</sup> invested in metal and mining enterprises,<sup>12</sup> and so on. And all this in addition to their involvement in the money market, in royal/government/plantation finance, marine insurance, the financing of trade through bills of exchange (hence *merchant* banks), investments in tax farming, etc. Thus Marx’s conception of buying and selling as the *sole* function of commercial capital is a simplifying assumption, as Grossmann calls these methodological abstractions in *Capital*,<sup>13</sup> an assumption peculiar to the circulation of industrial capital as Marx analyses this in Volume Two. When Marx writes ‘we can therefore ignore these (real) functions’, he makes it clear that he is simplifying the description of the role of merchant’s capital in its actual or historical existence, reducing it to the sole aspect that matters for him. The abstraction involved here is from ‘the *real* history of the relations of production’,<sup>14</sup> a history that obviously cannot be written if we simply retain the simplifying assumptions used in *Capital* as this would generate the sort of circularity that Marx elsewhere calls a ‘forced abstraction’. Not only did Marx see ‘the understanding of the past’ as ‘a work in its own right’ (one which he hoped to undertake but of course never did)<sup>15</sup> but because of his awareness of the past he even allowed for the *direct control of production by commercial capital* (in a passing reference to the Dutch East India Company)<sup>16</sup> and of course allowed for the merchant’s domination of craft labour in the putting-out system. All the same, the formal definition of merchant’s capital as a pure function or agent of industrial capital, which runs through the *Grundrisse* as well, affected his historical judgements, severely at times,<sup>17</sup> and probably accounts for a major conflation in his work which it is worth describing straightaway.

Marx tends to conflate ‘industrial capital’ and ‘the subordination of production to capital’, not allowing for the possibility that the latter is a much wider process where, for example, *merchant*-controlled enterprises could remain substantially distinct from industrial capital in the strict sense in which he analyses this in *Capital*. Ironically (given his own ambivalent stand on merchant capitalism), among later Marxists it was Maurice Dobb who stated the distinction most lucidly. About the ‘fairly extensive capitalist-controlled “putting-out” system[s]’ of the fourteenth to seventeenth centuries Dobb wrote: ‘The subordination of production to capital...is to be regarded as the crucial watershed between the old mode of production and the new, even if the technical changes that we associate with the industrial

revolution were needed...for the full maturing of the capitalist mode of production.’<sup>18</sup> Here Dobb disentangles the evolution of the capitalist mode of production from the later development of industrial capitalism, seeing the ‘merchant-manufacturing element’ less as an expression of industrial capital than of the merchant’s dominance over domestic industry and manufacturing workshops. For Marx, in contrast, it was true by definition that commercial capital implied the ‘non-subjection of production to capital’, at least he enunciates something close to this tautology in a passage in *Capital* which tells us: ‘The independent and preponderant development of capital in the form of commercial capital *is synonymous with the non-subjection of production to capital*’.<sup>19</sup>

Despite statements of this sort, Marx was well aware that trading firms like the Dutch East India Company could ‘dominate production directly’ and also that merchants had established widespread control over putting-out networks, for example in the cottage industries spread through the Russian countryside which, he tells us in Vol. 2, ‘are already being pressed more and more into the service of capitalist production’.<sup>20</sup> Here the capitalist ‘first intrudes in his capacity as merchant’. Two passages are especially interesting in this context. In the first, a passage from the *Grundrisse*, Marx writes: ‘The way in which money transforms itself into capital often shows itself quite tangibly in history; e.g. when the merchant induces a number of weavers and spinners...to work for him, making their secondary into their chief occupation; but then has them in his power and has brought them under his command as wage labourers’.<sup>21</sup> About this system Marx says later in the same text, ‘Here, then, the mode of production is not yet determined by capital, but rather found on hand by it’,<sup>22</sup> meaning by ‘mode of production’ the labour process of the households drawn into these networks by the merchant. The second passage occurs in the famous historical chapter of Vol. 3 when Marx turns to a discussion of the possible transitions into capitalism and begins initially with a twofold transition. The producer may become a merchant and capitalist, Marx says, or ‘Alternatively...the merchant may take direct control of production himself’.<sup>23</sup> The second of these possible trajectories was, Marx thought, a less progressive form of the transition to capitalism because, again, it left the ‘mode of production’, that is, the labour process, unaltered. It is worth citing this passage in full not just because he cites the example of the French silk industry, something we shall come back to later, but because his description of merchant capitalism is less terse than it is in the *Grundrisse* passage cited above and even more illuminating theoretically.

He writes: ‘Alternatively, however, the merchant may take direct control of production himself...Right up to the middle of this century, for example, the manufacturer in the French silk industry, and the English hosiery and lace industries too, *was a manufacturer only in name*. In reality, he was simply a merchant, who kept the weavers working in their old fragmented manner and *exercised only control as a merchant; it was a merchant they were really working for*. This method always stands in the way of the *genuine* capitalist mode of

production and disappears with its development. Without revolutionizing the mode of production [labour process, JB], it simply worsens the conditions of the direct producers, transforms them into mere wage-labourers...Somewhat modified, the same relationships are to be found in the manufacture of furniture in London, which is partly carried out on a handicraft basis. This is particularly the case in Tower Hamlets...The merchant is the real capitalist and pockets the greater part of the surplus-value...'.<sup>24</sup>

We shall see later that Marx in fact considerably underestimated the degree to which merchants controlled work organization in the silk industry of Lyons. The theoretical issue for historical materialists is how we should characterize the type of capital involved in, for example, putting-out systems of the kind described above. Were these forms of *industrial* capital, had the merchant *become* an industrialist, or should we posit a distinct regime of capital accumulation where, as Marx seems to suggest, manufacture was a function of mercantile accumulation? The latter would constitute merchant *capitalism*, at least one important variety of it. Engels in the famous 'Supplement' that he added to Volume 3 in 1895, shortly before he died, saw the textile putters-out of the later middle ages and early modern period as incarnations of industrial capital and, therefore, the putting-out system as an early, merchant-dominated form of industrial capitalism.<sup>25</sup> This characterization seems to be supported, for example, by Mousnier's view that 'the basis of French mercantilism was industry',<sup>26</sup> but in fact for Mousnier all of this, including the various types of manufactories that flourished in France from the seventeenth century, were aspects of a powerful and wide-ranging commercial capitalism.<sup>27</sup> In fact, there is a passage in the *Grundrisse* where Marx proposes a more complex image precisely when discussing mercantilism. 'Then came the Mercantile System, an epoch where industrial capital and hence wage labour arose in manufactures...[The Mercantilists] already have faint notions of money as capital, but actually again only in the form of money, of the circulation of *mercantile* capital...Industrial capital has value for them, even the highest value – as a means, not as wealth itself in its productive process – because it creates mercantile capital and the latter, via circulation, becomes money'.<sup>28</sup> So here industrial capital is said to be (for the later mercantilists) a means of 'creating mercantile capital', which, again, is tantamount to saying that industry was a function of the accumulation of mercantile capital or a function of merchant capitalism.

Among writers working in a Marxist tradition the inchoate nature of Marx's own thinking about the place of merchant capital in the history of capitalism generated a typical division between those like Mehring, Pokrovsky and Rubin who read Marx as saying that capitalism went through an entire phase of history characterized by the dominance of merchant capitalism and later Marxists working in an exegetical tradition shaped by the attack on Pokrovsky himself. Dobb was the crucial link between these periods of Marxist thinking and it was essentially his influence that would shape the reticence or hostility of writers like Perry Anderson and Robert Brenner. Mehring had espoused the radical view that merchant capital

was the ‘revolutionary force of the fourteenth, fifteenth and sixteenth centuries’.

‘Revolutionary merchant capital not only created modern absolutism but also transformed the medieval classes of society...’.<sup>29</sup> Broadly speaking, it was this view that passed into the stream of Russian Marxism. Barber writes that ‘No single concept was so identical with Pokrovsky as that of commercial capitalism, and *none had such influence during the 1920s on the study of Russian society*. The notion of commercial capitalism was certainly grounded in Marxist theory’.<sup>30</sup> Lenin himself referred to Pokrovsky’s ‘Marxist assessment’ in *Brief History of Russia* and said he was ‘extremely pleased with your new book’.<sup>31</sup> In Radek’s case, with the extension of the idea to the analysis of Chinese history, the position became at once modernist (in its style of theory) and far to the left of the stand the Comintern was forcing on the Chinese Communists. To suggest that ‘commercial capital had been a decisive element in the economy of China’ as far back as the thirteenth and fourteenth centuries was to repudiate the notion that ‘feudalism’ was a major force in shaping the class nature of China’s society.<sup>32</sup>

Here, as in so much else, Stalinism proved a major turning-point. The idea that Marxists could fruitfully reason with categories like ‘merchant capitalism’ and ‘commercial capitalism’ was forever banished within the (altogether spurious) tradition of orthodoxy that began to be constructed from the 1930s. Dobb’s own ambivalence is brilliantly shown by his stating (in 1946) ‘we cannot speak of a special period of “Merchant Capitalism”, *as many have done*’ and then immediately qualifying this with the odd footnote that says, ‘Some seem, however, to have used the term “Merchant Capitalism” to apply, not to the mere existence of large capitals and specialized merchants in the sphere of trade, but to the early period of Capitalism when production was subordinated to the “merchant manufacturer” under the putting-out system. *The strictures in the text do not, of course, refer to this usage of the term*’.<sup>33</sup> Pokrovsky would doubtless have found the distinction suggested here quite meaningless since it was precisely the particular structures of capital accumulation embodied in the putting-out system and large-scale international trade and their widespread prevalence from the later middle ages on that buttressed periodisations of the sort that Dobb claimed to find problematic. At any rate, Stalinist orthodoxy had a major influence on post-war Marxism and the earlier sense of a tradition among Marxists that could plausibly read the history and politics of capitalism through a mercantile lens rapidly disintegrated till the gradual revival of this perspective in works like Kriedte’s *Peasants, Landlords and Merchant Capitalists*, published in German in 1980. By then, however, it was largely non-Marxist traditions of historical scholarship that had appropriated these ideas and turned them into histories of capitalism that the post-war Marxist tradition continued to lack.

Before turning to those histories, it may be helpful to look quickly at Anderson and Brenner. Constipation on the Marxist side of the theoretical divide within scholarship would contrast sharply with the way non-Marxists felt free to capture abdicated territory and exploit the historical potential of a perspective that might have yielded a stronger historiography from

Marxists themselves. The disproportion was strikingly obvious in France where a whole generation or more of historians made ‘merchant capitalism’ central to their perspectives on the sixteenth century and, more widely, to the whole period from the later middle ages to the eighteenth century.<sup>34</sup> But this was replicated in Britain both in Tawney’s ability to foreground commercial capitalism when writing about the Reformation and later of course in debates about the nature of British capitalism that go back to Anderson’s own seminal interventions in the sixties. Yet both in *Lineages* where mercantile *capitalism* appears only once (despite frequent references to ‘mercantile capital’)<sup>35</sup> and in ‘Figures of Descent’ (1987) there is a striking refusal to characterize the wider economic system in terms of the particular *nature* of the capitalism driving it. Anderson would say, ‘the bourgeoisie of London was commercial and financial in character...as opposed to the manufacturing and mining that dominated the North’,<sup>36</sup> but, unlike other historians of British capitalism (notably Geoffrey Ingham) reason not in terms of merchant or commercial capitalism, but of ‘the peculiar British form of financial and mercantile capital’,<sup>37</sup> of ‘finance’,<sup>38</sup> of ‘English commercial imperialism’,<sup>39</sup> of ‘the City as a complex of British capital’,<sup>40</sup> and so on. A similar and in some ways even more striking ambivalence runs through Robert Brenner’s *Merchants and Revolution*, his single best work. He is willing to characterize the “new merchants” (those connected with the colonial trades) as ‘capitalist entrepreneurs in colonial production’<sup>41</sup> and even call a section of the book ‘West Indian sugar capitalism’,<sup>42</sup> but rigorously abstain from any reference to merchant or commercial *capitalism* as such when indeed the whole book is centrally about its evolution and internal conflicts. Brenner refers throughout to an ‘agrarian capitalist aristocracy’,<sup>43</sup> a ‘capitalist landlord class’<sup>44</sup> and so on, and of course repeatedly to ‘agrarian capitalism’, but systematically avoids characterizing the merchant class in overtly capitalist terms. The merchant class was ‘dynamic’ and ‘entrepreneurial’<sup>45</sup> but only once is it described as *capitalist* (as far as I can see) and the phrase ‘commercial capitalism’ is entirely missing.

This retreat of historical materialism left the field wide open to the more general stream of historiography, the upshot of which was that no coherent Marxist tendency survived or re-emerged. While studies that either deal directly with merchant’s capital or describe the structures of merchant capitalism are arguably less common than the numerous works that simply refer to one or other of them in passing,<sup>46</sup> even harder to find is work done by *Marxist* historians that belongs to the former category. Given the weight of orthodoxy on this issue, they could only have written in quiet defiance of the tradition. Carlo Poni, Peter Kriedte, Bob Shenton and Leo Noordegraaf are among a handful of examples of this,<sup>47</sup> but just listing their names demonstrates the point about the lack of any conscious tendency. The breakthrough represented by Braudel’s *Mediterranean* would usher in several decades of solid historical work reflective of a deeper modernism in historiography (Mousnier, Dermigny,

Carrière), one unconstrained by spurious orthodoxies, the results of which can be seen in the strong body of work done by historians in France and Italy down (more recently) to superlative studies of the medieval/Mediterranean sugar industry (by Ouerfelli)<sup>48</sup> and of Florentine silk firms (by Tognetti).<sup>49</sup> In *Mediterranean* Braudel clearly saw himself writing a history of *capitalism*: ‘Our systems of classification use the term ‘commercial capitalism’ to describe the agile, already modern and indisputably effective form taken by economic life in the sixteenth century. All activity did not necessarily contribute to its advance but much depended on its dynamism and magnetism. *The imperatives of large-scale, long-distance commerce, its accumulation of capital, acted as driving forces*. It was in the space defined by a commercial economy that industrial activity was kindled at Genoa, Florence, Venice, and Milan, particularly in the new and revolutionary textile industries, cotton and silk’.<sup>50</sup> About the latter he wrote, ‘there grew up a textile industry *on capitalist lines* and connected to distant markets’.<sup>51</sup> ‘Almost everywhere this industry was of a capitalist nature, conforming to the familiar pattern of the *Verlagssystem*’.<sup>52</sup> But if the sixteenth century gave a powerful boost to large-scale capitalist trade, it was finance, not industry that formed the true pendant of its commercial pole, with the more powerful layers of merchant capital fluctuating between ‘banking’ and trade. ‘The importance of purely financial transactions, with all their sophisticated ramifications, increases the further one goes up the scale of merchants...It was becoming widely known that commercial operations could be settled at the fairs almost *miraculously*’.<sup>53</sup> The *Mediterranean* would devote some of its most fascinating pages to the ‘financial’ capitalism of the Genoese, to that ‘coming of the age of paper’ which Braudel saw as ‘in fact one of the stages in the development of Dutch capitalism’.<sup>54</sup>

Thus ‘commercial capitalism’ encapsulated capitalist enterprise in *both commerce and finance* (as it had done for Tawney and, before him, for Marx), and if in England ‘The age of Elizabeth saw a steady growth of capitalism in textiles and mining’, along with a great increase of foreign trade and the growth of a money-market, as Tawney said,<sup>55</sup> ‘in industry the rising interest was that of the commercial capitalist’.<sup>56</sup> Trade, finance and industry were simply moments of the accumulation of *mercantile* capital, of its ability to flow seamlessly across the most diverse markets and forms of activity.

*Terminology* The historical corpus resonates with a rich terminology describing various groups of capitalist merchants and their firms – commercial businesses, banking houses, merchant-bankers, merchant-entrepreneurs, merchant-manufacturers, mercantile bourgeoisie, ‘bourgeoisie of bankers, shipowners and merchants’,<sup>57</sup> and so on. Of course, at the lower levels of abstraction at which much of this historiography works one would come across silk entrepreneurs,<sup>58</sup> Greek trading houses,<sup>59</sup> City rubber barons,<sup>60</sup> large rice-milling and exporting firms (about the European millers and merchants who controlled the Burmese rice trade),<sup>61</sup> Chinese opium merchants, French commercial houses (*maisons de commerce*),



etc. But if we sort out this empirically rich and even confusing mass of terms, then beyond purely generic descriptions like ‘merchant capitalists’ and ‘capitalist merchants’, they fall broadly into four categories. (1) Terms like ‘merchant-entrepreneurs’, ‘merchant-manufacturers’ and their counterparts in the European languages, *mercanti-imprenditori*, *mercanti-setaioli*, etc.; (2) terms like ‘merchant-bankers’, ‘financiers’, ‘financial aristocracy’,<sup>62</sup> and so on (*mercanti-banchieri*, *négociants banquiers*, etc.); (3) terms like ‘merchant-planters’<sup>63</sup> and ‘maritime bourgeoisie’;<sup>64</sup> and (4) ‘merchant firms’ or ‘trading firms’ or ‘commercial houses’ (*firmez commerciales*, *case di commercio*, etc.). Examining each of these more closely it becomes apparent that each ‘type’ corresponds to a major *structure* or organisational pattern in the long history of merchant capitalism and can thus form the basis for a taxonomy that might help to impose a more rational shape on the literature.

*A broad taxonomy of merchant capitalism* These forms or structures are as follows:

- (i) The *Verlagssystem* where the merchant capitalist is essentially a putting-out merchant;
- (ii) International money markets
- (iii) Plantation businesses (‘colonial trades’), and
- (iv) The produce trades

In the industrial towns of Europe ‘modern industry grew up ...with the capitalist forms of the *Verlagssystem*’, Braudel wrote.<sup>65</sup> *Verlag* was widespread not just in textiles and metalworking but throughout the leather, wood, jewelry, ceramics and craft-based luxury trades,<sup>66</sup> and could always expand thanks to the ‘mobility of both artisan and merchant classes’.<sup>67</sup> ‘[I]ndustry followed the merchants, or rather their capital.’<sup>68</sup> In France by the eighteenth century ‘millions of peasants worked for city merchants’.<sup>69</sup> Silk was typically one of those ‘luxury industries’ about which Marx said ‘the merchants import both raw materials and workers from abroad’, but although Marx himself seemed to think that in these sectors ‘the merchant *becomes an industrialist directly*’,<sup>70</sup> this cannot be construed to mean that merchant’s capital finally became industrial capital. The Italian silk industry in fact embodied a form of merchant capitalism, as Tognetti shows in his fine case-study of the larger merchant houses of Renaissance Florence. There the rapid expansion of the industry in the fifteenth century was fuelled by what he calls ‘a new desire on the part of the big merchant-bankers of Florence to invest in the manufacture of silk’.<sup>71</sup> In the late fifteenth century, with the industry growing by leaps and bounds, ‘the most efficient and modern companies’ in the *arte della seta* reflected the drive of these *mercanti-banchieri* to make ‘massive investments’ in the silk business.<sup>72</sup> An interesting feature of Tognetti’s account is the way he highlights the modernity of merchant’s capital during the Renaissance. The bigger merchants could dominate the industry thanks to their managerial skills, their scale of resources, operational flexibility and profound knowledge of European markets.<sup>73</sup> A similar

perspective runs through Poni's work on the silk industry of Lyons, where differentiation and flexibility were 'used consciously as an annual market strategy'.<sup>74</sup> 'The Lyons silk merchants were the first, as far back as the closing years of the seventeenth century, to use annual product differentiation as a strategic weapon to create barriers to entry, to capture important shares of the international market and to outmaneuver firms in competition with them'.<sup>75</sup> Lyons' merchant capitalists perfected business strategies that were thoroughly modern in conception, with rapid innovations geared to fashion markets that radiated out of Paris, the training of hundreds of designers who commuted between Paris and Lyons, and speed and perfection in the assembling of looms. But here was a productive system 'based essentially on putting-out'.<sup>76</sup> '[T]he Lyons merchants (and the designers) were the very first to exploit fully and systematically the flexibility offered by the artisan or putting-out organization of production'.<sup>77</sup>

In Lyons' *Grande Fabrique*, that is, the network of putting-out firms in silk manufacture, 'the majority of the weavers...worked on piece rates for the *marchands fabricants*...from whom they received the designs and the raw material'.<sup>78</sup> Here was an elite of fewer than 100 putters-out against a mass of some 8,000 weavers who were known simply as *ouvriers*.<sup>79</sup> It is worth noting that Poni sees the *fabricants* essentially as merchants and never calls them industrialists. In an earlier study the French scholar Peyrot had suggested that the *marchands fabricants* were at once manufacturers and merchants and as such distinct from the true *négociants*, and that to get a sense of the ways in which 'commercial capitalism' dominated the manufactures one would really have to explore the relations between them and the strictly mercantile element.<sup>80</sup> In any case, through the *Verlagssystem* merchant capitalists created Europe's first industrial working class, dispersed and therefore not 'directly subsumed' by capital but wage-labourers in Marx's own description. 'All contemporary records, both in Flanders and England, point to a large class of *wage-earning craftsmen*...subservient to the capitalist draper'.<sup>81</sup> 'Great clothing towns such as Douai, Ypres or Brussels were in effect like one vast factory'.<sup>82</sup>

*Money markets* Antwerp emerged as Europe's leading money market in the second and third quarters of the sixteenth century. An English memorandum written in 1564 claimed that in Antwerp 'there are thirty or forty great merchants who could lend 300,000 £ without hurt to their other business'.<sup>83</sup> Vast sums were loaned to the Spanish, French and English monarchies by the 'great financiers' of the sixteenth century who were described in 1530, by the Paris law faculty no less, as 'those "rich and powerful" *merchants who no longer deal in commodities, but in money and exchange*'.<sup>84</sup> In England, too, 'the great merchants involved themselves in Government finance...Governments relied substantially upon London merchants for loans'.<sup>85</sup> 'Exchange' in the quote from the Paris lawyers referred of course to the circulation of bills of exchange (short-term commercial credits) and doubtless also to arbitraging between international exchanges,<sup>86</sup> between bills and bullion, and so on. Genoese

bankers were the dominant force of the sixteenth-century bill markets. The system of *asientos* (short-term loans collateralized by government bonds) underpinning the finances of the Spanish monarchy implicated ‘enormous financial operations’ (by the Genoese especially) but those operations were only possible thanks to the commercial and banking networks that straddled money markets across western Europe in a fluid integration of trade and finance. Braudel’s description of how this worked remains unsurpassed even today.<sup>87</sup> A disciple, the Dutch Hispanicist Nicolás Broens who died at a tragically young age, showed how pivotal mercantile networks were to the Spanish Habsburgs and their financial dealings.<sup>88</sup> As the Portuguese *marranos* who replaced the Genoese by the second quarter of the seventeenth century told the Inquisition, ‘There was no distinction to be made between the capital used for commercial purposes and that invested in the *asientos*’.<sup>89</sup> Again, the *modernity* of this ‘economic structure’ shows how the most advanced sectors of capitalism cared little for the opinion of rivals ‘still half-immersed in the past’.<sup>90</sup> The bill of exchange was the ‘perfect instrument’ of commercial capitalism,<sup>91</sup> widely used in the seventeenth through nineteenth centuries. In Marseilles towards the end of the eighteenth century the volume of maritime trade may well have been upwards of 200 million pounds whereas the reserves of cash at the disposal of Marseilles’ merchants was estimated at a mere 1.8 million!<sup>92</sup> Antwerp — Amsterdam — London: by the nineteenth century London’s accepting and discount houses were the bedrock of the City’s dominance as the premier international money market, with the greater share of global transactions denominated in sterling. British merchant banks were emblematic of a whole structure of commercial capitalism that revolved around acceptances and the flotation of foreign loans, and was buttressed by the stupendous expansion of international trade in the middle decades of the nineteenth century. London was, as the City’s historian described it, ‘a short-term money market of unrivalled liquidity and security’<sup>93</sup> and, of course, a major source of the invisible earnings that sustained British capitalism more than any real or imagined industrial lead.

*Plantations* “The commercial capitalism of the eighteenth century developed the wealth of Europe by means of slavery and monopoly”, Eric Williams wrote in *Capitalism and Slavery*.<sup>94</sup> If sugar became the main driver of colonial slavery, the sugar colonies themselves were very largely externally financed, as both Adam Smith<sup>95</sup> and Marx knew. The big planters dealt directly with commission agents in England.<sup>96</sup> By 1750 virtually all London sugar merchants traded on commission.<sup>97</sup> But as K. G. Davies noted, ‘One effect of the commission system was the widespread indebtedness of planter to agent...’.<sup>98</sup> For example, ‘in 1790 George Hibbert, a leading London sugar merchant, gave evidence that £20 million of debts were due from the West Indies to British creditors’.<sup>99</sup> By then, of course, much of the finance was secured by mortgages and West-India merchants like the Lascelles (the Earls of Harewood) could foreclose on their loans to emerge as major owners of sugar estates.<sup>100</sup> ‘Jamaica’, Braudel writes in *Wheels of Commerce*, ‘was...a capitalist machine’ and immediately qualifies

this by saying by saying, ‘The planters made a profit of 8 to 10% at the very most’. ‘In fact the balance of *trade* for Jamaica, even calculated in colonial pounds, works out at a slight advantage for the island...*but at least half of the total for imports and exports made its way invisibly back to England (in freight charges, insurance, commissions, interest on debts, and transfers of money to absentee landlords)*. All in all, the net benefit for England in the year 1773 was getting on for £1,500,000. In London, as in Bordeaux, the proceeds of colonial trade were transformed into trading-houses, banks and state bonds.’<sup>101</sup>

Laird Bergad’s study of the Matanzas sugar economy lays out an even more lucid case of merchant economic control over planters. But in Cuba not only did the Havana merchant houses finance the growth of sugar in the early part of the nineteenth century, ‘Many merchants also *invested* heavily in sugar production’.<sup>102</sup> By the late 1850s ‘large-scale merchant establishments...began to establish direct ownership over the largest and most productive sugar mills in the Matanzas region’.<sup>103</sup> Among the leading merchants Drake Hermanos had business investments in New York and Massachusetts and the Torrientes extensive dealings with Baring Brothers in London.<sup>104</sup> As a more advanced, capital-intensive industry emerged from the 1850s on, big Havana merchants ‘with international connections’ ‘financed the most important aspects of the Matanzas sugar economy’.<sup>105</sup> In general Bergad concludes, ‘It is certain that Cuban sugar production generated *substantially more profits for brokers [merchants, JB] than for growers*’.<sup>106</sup>

*Produce trades* Just as capitalism emerged in a purer form in the Dutch and English East India Companies than it ever did in Portugal’s ‘monarchical capitalism’<sup>107</sup> or Spanish imperialism, with the companies incarnating a more advanced type of capitalist enterprise despite being what Dermigny rightly called ‘semi-public corporations’,<sup>108</sup> the mercantile capitalism that eventually characterized British economic activities in the main part of the nineteenth century was no longer encumbered by the legacies of mercantilism once private capital had broken the Company’s monopoly. The produce trades were the backbone of this new regime of capital accumulation. Ironically (perhaps) it is Chayanov’s work on the Russian peasantry that best defines the model of this form of capitalist domination. He called it ‘vertical capitalist concentration’.<sup>109</sup> ‘[B]ringing agriculture into the general capitalist system need by no means involve the creation of very large, capitalistically organized production units based on hired labor.’<sup>110</sup> ‘[A]griculture ...becomes subject to trading capitalism that sometimes in the form of very large-scale trading undertakings *draws masses of scattered peasant farms into its sphere of influence* and, having bound these small-scale commodity producers to the market, *economically subordinates them to its influence*.’<sup>111</sup> ‘Through these connections, every small peasant undertaking becomes *an organic part of the world economy*.’<sup>112</sup> The ‘trading machine’ (the organizational set-up of mercantile businesses) or ‘trading capitalism’<sup>113</sup> ‘penetrates, with its hundreds or thousands of branches, to the full depths of the peasant farms and, *leaving them free as regards production, entirely dominates*

*them economically*.<sup>114</sup> Of course, where quality was an issue capitalist firms ('lead firms' in much of the modern literature) could 'actively interfere in the organization of production, too'.<sup>115</sup>

The essential point in all this is that capital deals with *household* producers whose aggregate labour-power is exploited through price domination. The model was discussed in the 1970s by Michael Cowen, Henry Bernstein and myself,<sup>116</sup> and has been restated more recently in my paper for the Bernstein *Festschrift*.<sup>117</sup> Its essential elements are (1) households with *some* degree of control of their own means of production; (2) a system of advances (usually in cash, otherwise trade goods); and (3) lead-company reliance on middlemen. Marx allowed for the possibility that the advances given by the 'English government' to opium growers in parts of North India in the nineteenth century embodied a *circulation of capital*.<sup>118</sup> This is correct and forms the key to the whole system of accumulation at work in all of the produce trades (opium, indigo, jute, sugar, cotton, palm oil, groundnuts, cocoa, rice, etc.) The firms dominating these various circuits of capital were the Agency Houses and *maisons de commerce* typical of the nineteenth century, the big merchant firms that came to dominate the West African trade in the early twentieth century, and so on. As for the middlemen through whom advances were circulated into household commodity production, they became an integral feature of the system because international merchant capitalists were operating in environments where local dealers controlled the trade at lower levels. A major problem posed precisely for the biggest European merchant firms, massive conglomerates like UAC, was that the contractors they relied on were often large and wealthy dealers who 'were liable to use (...) commissions to finance their own operations or purchases for other trading firms'.<sup>119</sup> This was an 'abuse' of the advance system that UAC simply had to live with.<sup>120</sup> It was essential for the foreign trading companies to maintain a big turnover (that is, *maximize* their buying of export produce) in order to retain their share of purchases against competitors, and the advances given to African middlemen were pivotal to that strategy since they enabled merchants who lacked capital 'to buy produce on a large scale for the overseas company'.<sup>121</sup> International merchants were never fully able to bypass the produce buyers, who of course, as Shenton says, 'also appropriated a share of surplus value and profit'.<sup>122</sup>

By the early twentieth century the dominant French commercial firms were 'vertically integrated trading and shipping combines' operating extensively throughout French West Africa.<sup>123</sup> The pattern was different in French Indochina where there was a stronger representation of purely financial groups ('finance capital' in a sense closer to Hilferding's) and a conglomeration of interests linked to mining, cement, electricity, chemicals and the rubber industry.<sup>124</sup> In Britain UAC itself emerged in 1929 from a fusion of 93 separate companies (!) when A & E merged with the Niger Company, but it was never anything other

than a powerful *merchant* firm (an incarnation of merchant's capital) even when integrated into one of the world's biggest industrial enterprises.<sup>125</sup> Bob Shenton's account of Nigeria repeatedly underscores the concentration and centralization of capital that came out of the conflicts between merchants (the Niger Company) and shipowners (Elder Dempster) and between competing commercial capitals.<sup>126</sup> These are all features of an advanced and even sophisticated capitalism and a warning to us not to succumb too readily to the seductive power of clichés such as the persistent characterization of merchant capital as 'antediluvian', with its distinct implication of an *essential* backwardness. On the contrary, what the last few pages bring out quite forcefully is the remarkable *modernity* displayed by the evolution of these forms of capital. The concentration and centralization of capital,<sup>127</sup> combinations (price agreements)<sup>128</sup> and pools, monopoly and monopolistic market behaviour, vertical integration,<sup>129</sup> and the drive for new markets are all features typical of capitalism which are *also* found, *to one degree or another*, in the history of large-scale commercial enterprise since the twelfth century. And so, of course, is competition, which raged within most industries controlled by mercantile capital (silk, sugar, ceramics, rice exports, cotton piecegoods, raw cotton, tobacco and so on), between commercial firms or trading companies, between foreign and local merchants or middlemen, between outports in the same maritime region (e.g., Bristol versus Liverpool), and of course between the major commercial powers, city-states like Venice, Genoa, and Florence, and the maritime nations of Portugal, Spain, Holland and Britain.

David Ormrod has said that Tawney 'explained British economic development in the sixteenth and seventeenth centuries through the maturing of a *specifically commercial form of capitalism*'.<sup>130</sup> This perspective is at best only implicit in Marx who of course agreed that the sixteenth and seventeenth centuries 'rapidly advanced the development of commercial capital',<sup>131</sup> saw manufacture as the 'predominant form taken by capitalist production' in c. 1550-1770,<sup>132</sup> and knew, from Adam Smith, that merchants had played the key role in establishing import-substituting luxury manufactures in Europe,<sup>133</sup> but never explicitly posited merchant capital's control of production as a form of the capitalist mode of production (of what Marxists call 'capitalism'). The mercantilist seventeenth century was for him a period when '*industrial capital* and hence wage labour arose in manufactures'.<sup>134</sup>

These hesitations have allowed a quasi-orthodoxy to emerge that confines our concepts of the capitalist mode of production to large-scale industry or industrial capitalism and works in terms of a sharp division between circulation and production, reiterating the notion that commercial capital 'remains forever penned into capital's circulation sphere'. I've suggested above that this view will not work historically, which is why properly Marxist accounts of early capitalism are so few and far between. In reviewing Dobb's book Tawney had already

presciently attacked his ‘preoccupation with the industrial engine’ and asked if the ‘restricted sense’ of capitalism favoured by him had not ‘ceased to be the usage most convenient for the purposes of history’.<sup>135</sup> Indeed, *historically* merchants straddled industry, money markets and foreign trade as largely integrated sectors of accumulation. ‘[I]t was a perfectly normal and anticipated practice for commercial entrepreneurs to invest in and manage manufacturing enterprises.’<sup>136</sup> One widespread form of this was the putting-out system.<sup>137</sup> In the transition debate Georges Lefebvre argued that the putting-out system (‘Way No. 2’) ‘could lead to capitalism just as easily as Way No. 1’, adding ‘I do not believe that Marx was aware of this’. By means of this form of industrial organization, ‘the merchant is transformed into a capitalist, as Marx defines one; it is this development which explains the emergence of urban class struggles in Italy and Flanders in the fourteenth and fifteenth centuries’.<sup>138</sup> And Lefebvre went on to make the wider and deeply significant point that it was precisely ‘the collusion between commerce and the State’ that ‘promoted the development of capitalism’.<sup>139</sup>

Given the kinds of restructuring we’ve seen under contemporary forms of capitalism, merchant’s capital seems much less archaic today than it obviously did to Marx. Production processes were structured to allow for a *combination* of inhouse manufacturing operations and outsourcing, as in Amsterdam’s woollen industry.<sup>140</sup> Moreover, ‘the putting-out system was, for many purposes, economically superior to a workshop form of organization...It could adapt to fluctuations in demand quickly, and with minimum cost to the businessman’.<sup>141</sup> In northern France where textile production was widely dispersed through the countryside, the merchants who dominated the industry and produced for international markets had a marked preference for rural workers, knowing that the supply of labour was elastic and wages endemically low.<sup>142</sup> But in large parts of Europe putting-out systems also ‘paved the way for the emergence of factory production’.<sup>143</sup> The sharp separation between merchant capital and modern industry is untenable at this level as well. In cotton textiles, ‘eventually ...merchants nearly everywhere would concentrate production in factories’.<sup>144</sup> In the Italian silk industry the diffusion of the Bologna-style hydraulic silk mills in the main part of the seventeenth century was again driven by the ‘great sums of money’ *merchants* invested in the silk trade. These mills employed hundreds of workers and were the first properly mechanized factories in western Europe.<sup>145</sup> In Bologna itself they were ‘capable (collectively) of processing a million pounds of raw silk a year’,<sup>146</sup> implying the sort of mass production that Marx already associated with manufacture proper.<sup>147</sup> And finally, the ‘sheer diversity and flexibility of forms of production’ that developed under ‘commercially organized capitalism’<sup>148</sup> extended to the economic role of the state as well. In Venice the core of the shipbuilding industry was managed by the state *on behalf of private capital* through the system of the *galere da mercato*. The famous Arsenal was a ‘large-scale manufacturing operation’ with up to 2000 workers and a substantial output of a small repertoire of types of galleys built in labour processes that reflected a ‘factory organization’. Moreover, like the silk

entrepreneurs or *setaioli* and their hydraulic mills, the Venetian state wanted workers who showed ‘docility and willingness to work’.<sup>149</sup>

Marx was wrong to suggest that the ‘preponderant development of capital in the form of commercial capital is synonymous with the *non-subjection* of production to capital’.<sup>150</sup> I have argued that Marxists have largely abdicated this terrain to others and left much of Marxist economic history in a rut. Britain’s industrial expansion has of course always been seen as the epitome of industrial capital as this emerged in Marx’s day, but it is precisely debates about the nature of British capitalism that underscore the need to abandon those legacies of formalism. In *Capitalism Divided?* Ingham argued that ‘the City’s commercial capitalism gradually became a prop for the [British] economy as a whole’,<sup>151</sup> citing Rubinstein’s finding that ‘the wealthy in Britain have disproportionately earned their fortunes in commerce and finance – that is, as merchants, bankers, shipowners, merchant bankers, and stock and insurance agents and brokers, rather than in manufacturing or industry’.<sup>152</sup> Britain’s commercial capitalism *conglomerated* the interests of bill brokers and discount houses, merchant banks, commission merchants, direct importers, brokers and shipbrokers, cargo agents, shipping companies, London plantation companies, and, of course, the manufacturers dependent on all of the above. Britain had emerged as a major power in the late seventeenth and early eighteenth centuries, her ‘aggrandizement’ ‘impelled by the powerful forces of commercial capitalism’.<sup>153</sup> But, as Brewer goes on to say, ‘no amount commercial skill, merchant shipping or national prosperity could secure the domination of trade routes or the protection of bases and colonies. These required troops and a navy which in turn, required money and proper organization’.<sup>154</sup> The triumph of European commercial capitalism depended decisively on the powerful backing of the state, a sort of Crown-company partnership<sup>155</sup> that, in England’s case, extends back to the Elizabethan commercial expansion that was bound up, as Brenner showed, with the newer trades to the south and east (that is, the Mediterranean and Asia). *The European empires were a legacy of this alliance between state and commercial capital*. By the sixteenth and seventeenth centuries naval power and the use of force were systematically integrated into competitive struggles between major blocs of capital. Commenting on the struggle for control of the Coromandel coast where competition raged between Dutch and English merchants in the procurement of cloth, the Europeans, writes one historian, ‘introduced the totally alien element of organised violence into intra-Asian trade and shipping’.<sup>156</sup>

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<sup>1</sup> Marx, *Capital*, vol. 3, pp. 379ff. (Chapters 16-20)



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- <sup>2</sup> Marx, *Capital*, vol. 3, pp. 391, 403, 406, 407, 411, etc.
- <sup>3</sup> Marx, *Capital*, vol. 3, pp. 435, 433.
- <sup>4</sup> Marx, *Capital*, vol. 3, p. 436.
- <sup>5</sup> Marx, *Capital*, vol. 3, p. 382.
- <sup>6</sup> Marx, *Capital*, vol. 3, p. 386.
- <sup>7</sup> Marx, *Capital*, vol. 3, p. 379.
- <sup>8</sup> Marx, *Capital*, vol. 3, p. 380.
- <sup>9</sup> Brenner, *Merchants and Revolution*, p. 79.
- <sup>10</sup> Beckert, *Empire of Cotton*, pp. 144–5.
- <sup>11</sup> Poni, ‘Fashion as flexible production’; Sewell, ‘Empire of fashion’.
- <sup>12</sup> Morgan, *Bristol and the Atlantic Trade*, p. 102.
- <sup>13</sup> Grossmann, *Das Akkumulations- und Zusammenbruchsgesetz des kapitalistischen Systems*, pp. 79–99.
- <sup>14</sup> Marx, *Grundrisse*, p. 460.
- <sup>15</sup> Marx, *Grundrisse*, p. 461.
- <sup>16</sup> Marx, *Capital*, vol. 3, pp. 446–7: ‘As for the manner and form in which commercial capital operates *where it dominates production directly*, a striking example is given not only by colonial trade in general (the so-called colonial system), but quite particularly by the operations of the former Dutch East India Company’.
- <sup>17</sup> Some of Marx’s historical judgements in Chapter 20 will have to be discussed separately, elsewhere. The view that ‘where commercial capital predominates, obsolete conditions obtain’ (p. 444) is hard to reconcile with the very substantial development of leading commercial centres like Venice, Florence and Amsterdam. The view, in the *Grundrisse*, that before modern capitalism exchange ‘extends only to the overflow’ (p. 256) ignores whole industrial sectors that were dedicated to export, e.g. wine and olive-oil in the Roman economy, Rome’s fineware industry, Chinese porcelain, and so on.
- <sup>18</sup> Dobb, *Studies in the Development of Capitalism*, p. 143.
- <sup>19</sup> Marx, *Capital*, vol. 3, p. 445.
- <sup>20</sup> Marx, *Capital*, vol. 2, pp. 318–9.
- <sup>21</sup> Marx, *Grundrisse*, p. 510.
- <sup>22</sup> Marx, *Grundrisse*, p. 586.
- <sup>23</sup> Marx, *Capital*, vol. 3, p. 452.
- <sup>24</sup> Marx, *Capital*, vol. 3, pp. 452–3.
- <sup>25</sup> Engels, ‘Supplement’ (May 1895) in Marx, *Capital*, vol. 3, pp. 1042–3.
- <sup>26</sup> Lublinskaya, *French Absolutism 1620–1624*, p. 35, summarizing Mousnier’s argument in *Les XVI<sup>e</sup> et XVII<sup>e</sup> siècles*.
- <sup>27</sup> Mousnier, *Les XVI<sup>e</sup> et XVII<sup>e</sup> siècles*, esp. pp. 94–8.
- <sup>28</sup> Marx, *Grundrisse*, pp. 327–8.
- <sup>29</sup> Mehring, *Absolutism and Revolution in Germany*, pp. 1, 3.
- <sup>30</sup> Barber, *Soviet Historians in Crisis*, p. 57.
- <sup>31</sup> Lenin, *Collected Works*, vol. 36, p. 530, letter dated 5 December 1920.
- <sup>32</sup> Barber, *Soviet Historians*, p. 52.
- <sup>33</sup> Dobb, *Studies*, p. 17.

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- <sup>34</sup> Braudel, *Mediterranean*; Mousnier, *Les XVI<sup>e</sup> et XVII<sup>e</sup> siècles*; Mauro, *Le XVI<sup>e</sup> siècle européen. Aspects économiques*; Carrière, *Négociants Marseillais au XVIII<sup>e</sup> siècle*; Carrière et al., *Banque et capitalisme commercial*. Paul Adams, *L'origine des grandes cités maritimes et la nature du premier capitalisme commercial* may well have been seminal, cf. Braudel, *The Perspective of the World*, Chapter 2.
- <sup>35</sup> Anderson, *Lineages of the Absolutist State*, p. 138 (in the chapter on England).
- <sup>36</sup> Anderson, 'Figures of descent', p. 34.
- <sup>37</sup> Anderson, 'Figures of descent', p. 75.
- <sup>38</sup> Anderson, 'Figures of descent', p. 57 ('When agrarian property lost its weight it was not industry but finance which became the hegemonic form of capital'), p. 59 ('dominance of finance over industry'), p. 76 ('a world capital of finance without true finance capital').
- <sup>39</sup> Anderson, 'Figures of descent', p. 72.
- <sup>40</sup> Anderson, 'Figures of descent', p. 69.
- <sup>41</sup> Brenner, *Merchants and Revolution*, p. 685.
- <sup>42</sup> Brenner, *Merchants and Revolution*, pp. 159ff.
- <sup>43</sup> Brenner, *Merchants and Revolution*, pp. 713, 715 ('England's unique capitalist aristocracy').
- <sup>44</sup> Brenner, *Merchants and Revolution*, p. 715.
- <sup>45</sup> Brenner, *Merchants and Revolution*, p. 713 ('a dynamic maturing entrepreneurial merchant class', but nowhere called a class of merchant capitalists).
- <sup>46</sup> Among the former (apart from works cited in n. 34), cf. Pares, *A West-India Fortune* (1950); Ping-ti Ho, 'Salt merchants of Yang-chou' (1954); Nunes Dias, *O Capitalismo monárquico Português* (1963); Cracco, *Società e stato nel Medioevo veneziano* (1967); Poni, 'All'origine del sistema di fabbrica' (1976); Kriedte, *Peasants, Landlords and Merchant Capitalists* (in German 1980); Ingham, *Capitalism Divided?* (1984); Ormrod, *English Grain Exports and the Structure of Agrarian Capitalism* (1984); Shenton, *The Development of Capitalism in Northern Nigeria* (1986); Miller, *Way of Death: Merchant Capitalism and the Angolan Slave Trade* (1988); Broens, *Monarquía y capital mercantil* (1989); Bergad, *Cuban Rural Society* (1990); Chapman, *Merchant Enterprise in Britain* (1992); Fieldhouse, *Merchant Capital and Economic Decolonization* (1994); Mueller, *Venetian Money Market* (1997); Noordegraaf, 'New draperies in the northern Netherlands' (1997); Mukund, *Trading World of the Tamil Merchant* (1999); Tognetti, *Un'industria di lusso al servizio del grande commercio* (2002); and Ouerfelli, *Le Sucre* (2008). The much larger group of those (historians or others) who use 'merchant capitalism' or related terms more or less in passing includes E. P. Thompson, J.-P. Sartre, A. G. Frank, J. V. Polišensky, John Brewer, and John Darwin, among many others.
- <sup>47</sup> Carlo Poni's most Marxist work belongs to the seventies, cf. 'Archéologie de la fabrique' (1972) and 'All'origine del sistema di fabbrica' (1976).
- <sup>48</sup> Ouerfelli, *Le Sucre*.
- <sup>49</sup> Tognetti, *Un'industria di lusso*.
- <sup>50</sup> Braudel, *Mediterranean*, p. 319.
- <sup>51</sup> Braudel, *Mediterranean*, p. 213.
- <sup>52</sup> Braudel, *Mediterranean*, p. 431.
- <sup>53</sup> Braudel, *Mediterranean*, p. 439.
- <sup>54</sup> Braudel, *Mediterranean*, pp. 508ff.

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- 55 Tawney, *Religion and the Rise of Capitalism*, p. 180.
- 56 Tawney, *Religion*, p. 141.
- 57 Tawney, *Religion*, p. 21.
- 58 Molà, *Silk Industry of Renaissance Venice*, p. 219.
- 59 Harlaftis, ‘The “Eastern Invasion”’, p. 246.
- 60 White, *British Business in Post-Colonial Malaysia, 1957–70*, pp. 131, 137.
- 61 Cheng, *Rice Industry of Burma*, pp. 64ff.
- 62 Braudel, *Mediterranean*, p. 343.
- 63 Brenner, *Merchants and Revolution*, pp. 163, 166.
- 64 James, *Black Jacobins*, pp. 22, 35.
- 65 Braudel, *Mediterranean*, p. 323.
- 66 Holbach, ‘Verlag als Organisationsform’, p. 452ff.
- 67 Braudel, *Mediterranean*, p. 433.
- 68 Braudel, *Mediterranean*, p. 434.
- 69 Lefebvre, *Coming of the French Revolution*, p. 42.
- 70 Marx, *Capital*, vol. 3, pp. 453–4.
- 71 Tognetti, *Un’industria di lusso*, p. 26: ‘[la] nuova propensione dei grandi mercanti-banchieri fiorentini agli investimenti nella manifattura serica’.
- 72 Tognetti, *Un’industria di lusso*, p. 30.
- 73 Tognetti, *Un’industria di lusso*, pp. 33–4.
- 74 Poni, ‘Fashion as flexible production’, p. 68.
- 75 Poni, ‘Fashion as flexible production’, p. 41.
- 76 Poni, ‘Fashion as flexible production’, p. 45.
- 77 Poni, ‘Fashion as flexible production’, p. 67.
- 78 Poni, ‘Fashion as flexible production’, p. 47.
- 79 Poni, ‘Fashion as flexible production’, p. 48.
- 80 Peyrot *et al.*, ‘Capitalisme commercial et fabriques dans la France du sud-est’, pp. 78–9.
- 81 Carus-Wilson, ‘The woollen industry’, p. 382.
- 82 Carus-Wilson, ‘The woollen industry’, p. 386.
- 83 Ehrenberg, *Capital and Finance in the Age of the Renaissance*, p. 263.
- 84 Ehrenberg, *Capital and Finance*, p. 323.
- 85 Beier and Finlay, ‘Introduction: the significance of the metropolis’, pp. 15–16.
- 86 da Silva, *Stratégie des affaires à Lisbonne entre 1595 et 1607*.
- 87 Braudel, *Mediterranean*, pp. 500–17.
- 88 Broens, *Monarquía y capital mercantil*.
- 89 Broens, *Monarquía y capital mercantil*, p. 52.
- 90 Braudel, *Mediterranean*, pp. 509–10.
- 91 Carrière *et al.*, *Banque et capitalisme commercial*, p. 71.
- 92 Carrière *et al.*, *Banque et capitalisme commercial*, p. 180.
- 93 Kynaston, *The City of London*, Vol. 1, p. 331.
- 94 Williams, *Capitalism and Slavery*, p. 210.
- 95 Smith, *Slavery, Family, and Gentry Capitalism*, pp. 139ff.
- 96 Dunn, *Sugar and Slavery*, p. 208.
- 97 Morgan, *Bristol and the Atlantic Trade*, pp. 193-5.

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- <sup>98</sup> Davies, *The North Atlantic World of the Seventeenth Century*, p. 154.
- <sup>99</sup> Smith, *Gentry Capitalism*, p. 173.
- <sup>100</sup> Smith, *Gentry Capitalism*, Chapter 7, esp. p. 183: ‘Then suddenly, between 1773 and 1787, more than 27,000 acres were added to the family’s West Indian land portfolio’.
- <sup>101</sup> Braudel, *Wheels of Commerce*, p. 279.
- <sup>102</sup> Bergad, *Cuban Rural Society*, p. 66.
- <sup>103</sup> Bergad, *Cuban Rural Society*, p. 133–4.
- <sup>104</sup> Bergad, *Cuban Rural Society*, p. 170.
- <sup>105</sup> Bergad, *Cuban Rural Society*, p. 173.
- <sup>106</sup> Bergad, *Cuban Rural Society*, p. 178.
- <sup>107</sup> Nunes Dias, *O Capitalismo monárquico*, who refers repeatedly to commercial capitalism.
- <sup>108</sup> Dermigny, ‘Le fonctionnement des compagnies des Indes’, p. 449.
- <sup>109</sup> Chayanov, *Theory of Peasant Economy*, p. 262.
- <sup>110</sup> Chayanov, *Theory of Peasant Economy*, p. 257.
- <sup>111</sup> Chayanov, *Theory of Peasant Economy*, p. 257.
- <sup>112</sup> Chayanov, *Theory of Peasant Economy*, p. 258.
- <sup>113</sup> Chayanov, *Theory of Peasant Economy*, pp. 257, 258.
- <sup>114</sup> Chayanov, *Theory of Peasant Economy*, pp. 261–2.
- <sup>115</sup> Chayanov, *Theory of Peasant Economy*, p. 262.
- <sup>116</sup> Cowen, ‘Commodity production in Kenya’s Central Province’; Bernstein, ‘Notes on capital and peasantry’; Banaji, ‘Capitalist domination and the small peasantry’.
- <sup>117</sup> Banaji, ‘Merchant capitalism, peasant households and industrial accumulation’.
- <sup>118</sup> Marx, ‘Zur Kritik der politischen Ökonomie’, p. 201.
- <sup>119</sup> Fieldhouse, *Merchant Capital and Economic Decolonization*, p. 443–4 (on the Kano contractors).
- <sup>120</sup> Fieldhouse, *Merchant Capital and Economic Decolonization*, p. 119–21.
- <sup>121</sup> Fieldhouse, *Merchant Capital and Economic Decolonization*, pp. 113ff. on UAC strategy.
- <sup>122</sup> Shenton, *Development of Capitalism*, p. 15.
- <sup>123</sup> Boone, *Merchant Capital and the Roots of State Power*, p. 44.
- <sup>124</sup> Morlat, ‘Les réseaux patronaux français en Indochine’.
- <sup>125</sup> Fieldhouse, *Merchant Capital*, pp. 10–11.
- <sup>126</sup> Shenton, *Development of Capitalism*, Chapter 5, who says, ‘Concentration and centralization were the only means of commercial survival’ (p. 7).
- <sup>127</sup> Concentration of capital: Zahedieh, *The Capital and the Colonies*, pp. 8, 58 (plantation imports into London); Morgan, *Bristol and the Atlantic Trade*, p. 189 (Bristol sugar merchants); Devine, *Tobacco Lords*, pp. 4, 74 (Glasgow tobacco merchants); Braund, *Calling to Mind*, p. 41 (Burma rice trade); Angeli, *Proprietari, commercianti e filandieri a Milano*, pp. 97ff. (Milan silk industry).
- <sup>128</sup> Cheng, *The Rice Industry of Burma*, pp. 64ff.
- <sup>129</sup> A crucial strategy of the German non-ferrous metal traders, see the cases discussed in Becker, ‘*Multinationalität hat verschiedene Gesichter*’.
- <sup>130</sup> Ormrod, *Rise of Commercial Empires*, p. 3.
- <sup>131</sup> Marx, *Capital*, vol. 3, p. 454.
- <sup>132</sup> Marx, *Capital*, vol. 1, p. 489, with p. 445 for the chronological span suggested by him.

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- <sup>133</sup> Marx, *Grundrisse*, p. 858.
- <sup>134</sup> Marx, *Grundrisse*, p. 327.
- <sup>135</sup> Tawney, 'A history of capitalism', pp. 310-11.
- <sup>136</sup> Supple, 'The nature of enterprise', p. 424.
- <sup>137</sup> 'The putting-out system was developed precisely in the export sector and where the specialization of labour was highly advanced, as in Leiden, a high technical level was achieved', Noordegraaf, 'New draperies' p. 175. Even the biggest Agency Houses of the twentieth century would have recourse to this form of work organization . The Ralli Trading Group expanded into handmade Oriental carpets through its subsidiary O. C. M. (London) Limited only as late as 1969. O. C. M. itself had emerged from a merger of the then 'five most important producers and wholesalers of Oriental carpets' in 1908. Its Indian subsidiary E. Hill & Company Private Limited, which became part of the O. C. M. Group in 1947, is described in a Ralli company history as handling the supply of Indian carpets as follows: 'Carpet manufacture is still very much a cottage industry in the Mirzapur district but it is *closely regulated by E. Hill who remain responsible for quality and production*. Though the actual weaving is done in loom houses in the weavers' villages, E. Hill buy the yarn, dye it to the required shades and produce the loom drawings. These are issued to the villagers with the weaving instructions for stitch and size and the cotton for the warps and wefts... *Carpets are inspected regularly during the course of weaving by members of the company* on visits to the various villages...The finished carpets are then packed and transported by road some 500 miles to Calcutta where they are shipped to London, New York and Canada', *History and Activities of the Ralli Trading Group*, section on 'Carpets'.
- <sup>138</sup> Lefebvre, 'Some observations', p. 124.
- <sup>139</sup> Lefebvre, 'Some observations', p. 125.
- <sup>140</sup> Holbach, 'Verlag als Organisationsform', p. 458.
- <sup>141</sup> Supple, 'The nature of enterprise', p. 426.
- <sup>142</sup> Goubert, *Beauvais et le Beauvaisis de 1600 à 1730*, pp. 127-37; cf. Kriedte, *Peasants, Landlords and Merchant Capitalists*, esp. pp. 12ff.
- <sup>143</sup> Beckert, *Empire of Cotton*, p. 144.
- <sup>144</sup> Beckert, *Empire of Cotton*, p. 145.
- <sup>145</sup> Poni, 'All'origine del sistema di fabbrica'; Molà, *Silk Industry*, p. 241 ('vast sums').
- <sup>146</sup> Sella, *Italy in the Seventeenth Century*, p. 46.
- <sup>147</sup> Marx, *Grundrisse*, pp. 510-11.
- <sup>148</sup> Sewell, 'Empire of fashion', p. 116.
- <sup>149</sup> Davies, *Shipbuilders of the Venetian Arsenal*.
- <sup>150</sup> Marx, *Capital*, vol. 3, p. 445.
- <sup>151</sup> Ingham, *Capitalism Divided?*, p. 97.
- <sup>152</sup> Rubinstein, *Men of Property*, cited Ingham, *Capitalism Divided?*, pp.135-6.
- <sup>153</sup> Brewer, *Sinews of Power*, pp. xiii-xiv.
- <sup>154</sup> Brewer, *Sinews of Power*, p. xv.
- <sup>155</sup> Brenner, *Merchants and Revolution*, p. 65.
- <sup>156</sup> Mukund, *Trading World of the Tamil Merchant*, p. 60. The battle of competition was of course also fought by more purely economic means such as faster turnover of capital (e.g.,

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Mazzaoui, *Italian Cotton Industry*, p. 50; Malon, *Havre colonial*, p. 354, n.179), innovations in production, and so on. Mohamed Ouerfelli has shown convincingly that the decline of the Mediterranean sugar industry at the end of the fifteenth century embodied a loss of *competitiveness* as cheaper Atlantic sugar invaded Mediterranean markets thanks to investments by Italian, mainly Genoese, capitalists willing to finance Portugal's expansion in the eastern Atlantic (Ouerfelli, *Sucre*, pp. 223–4, 373, 493ff.).