

cation from exploring the chapters. In the end, Subramanyam's book is an extremely important contribution to the history of transregional relations between 1500 and 1800.

Andrew B. Liu: *Tea War. A History of Capitalism in China and India*, New Haven / London: Yale University Press, 2020, 335 pp.

Reviewed by
Peer Vries, Amsterdam

The book under review could easily have been three books. The first is about the actual 'tea war', the fierce competition between China and India as tea-producing countries during the nineteenth and part of the twentieth centuries. Their tea trades were organized quite differently. In China tea was grown on family farms, then brought to 'factories' in market towns by tea peddlers to be processed by seasonal labour, and then brought to tea warehouses in coastal ports to be purchased by foreign trading companies. Liu convincingly claims that the peasant households and inland tea factories appeared to be independent firms but were in fact "enmeshed in crippling relationships of financial dependency" (p. 243) to the tea warehouses. The seasonal labour force in the tea factories became subjected to an increasingly strict and coercive labour-regime. In India, British officials and planters at first tried to replicate the Chinese model by bringing

in Chinese 'experts' and peasants, but ultimately decided to grow tea on large plantations and undertake all of the tasks involved themselves, from clearing the land to packaging the finished leaves. Initially they hoped to use free wage labour. As that did not work out, they increasingly began to use indentured labour whose position became all but undistinguishable from that of slaves. The Indian 'formula' became so successful – at least for the investors – that in the beginning of the twentieth century Chinese went to India to 'learn the trade' and make it more capital-intensive. The second book deals with changes in thinking about economics, especially about labour, production and value and considers these changes as induced by changes in the actual economy. For China it postulates a shift in opinion from a pro-merchant stance in which the merchant was considered as someone who facilitated exports to an anti-merchant stance in which the merchants' activities were increasingly described as 'non-productive' and only 'exploitative'. For the case of India, the author shows how, when setting up a tea trade based on free labour did not work, it was argued that India did not have a labour market of free moving labour and that therefore planters, helped by government, had to fall back on a more coercive system of indentured labour. In the twentieth century, Indian nationalist then increasingly began to hold the position that in India, like in the West, labour ought to be free, which would have the added advantage that it would also be more productive.

The third book, or rather collection of long excursions that for the author clearly counts as the major contribution of the

book to the fields of history and the social sciences in general, deals with capitalism. It is a plea for a more global conception of capitalism's history with a focus on global interaction and competition. It is anti-Eurocentric and challenges explanations of economic change that refer to "some unique homegrown ingredient of industrial success" only found in the "West" and "radically at odds with past paradigms, which emphasized the uniqueness of the North Atlantic world" (pp. 3–4, 12). Its content does not match "the classic image of industrial revolution arising spontaneously in a single country" (p. 274). It rejects the claim that capitalist production by definition relies upon free labour and technological innovations, an idea cherished, so Liu claims, by most economic historians (pp. 14–15, 24–25 and 189). According to him that would be "an Anglocentric yet canonical historical interpretation that has long persisted within Asian, and indeed global historiography" whereas he wants to dispel "any easy formulas about the incompatibility of capitalism with itinerant merchant capital or immobile unfree labour" (p. 189). He rejects the standard association of capitalism with technological changes, increasing productivity and growth and wants to show "how both purportedly independent peasant households in China and indentured workers in India [...] produced economic value as part of a circuit of capital accumulation spanning the globe" (p. 189). In both cases "the social compulsion to grow and produce for the world market has come to dominate everyday life" (p. 79).

With increasing global competition came increasing scrutiny of production costs in the tea trade, in order to lower them.

When labour worked under direct control, the value of its work was constantly measured. If control could only be exerted indirectly, existing arrangements were pushed to their limits. According to Liu it would be wrong to restrict the category of wage labour to full proletarians. In a capitalist setting, any human activity that produces a commodity in exchange for payment is productive and can contribute to accumulation. Many formally free peasant households with some land of their own had nevertheless come to depend on the income earned in 'side-lines' and handicrafts and contributed to the accumulation of merchant capital (p. 181). All sorts of workers who can count even less as formally free and independent, like India's indentured labour, had done so too. What according to him is crucial in order to call a setting 'capitalist' is whether workers depend on income they receive from owners of capital who operate in a market.

Liu's description and analysis of the organisation of tea production and changes in it are very interesting and clear and as such certainly worth reading. In particular, his description of the ways in which the production and productivity of workers in Chinese tea 'factories' were measured and stepped up is fascinating and telling. The critique later in this review does not concern them. The illustrations, moreover, are helpful as well as beautiful. I have only two general comments. The first is that actual figures with regard to accumulation and profits – the essence of capitalist production – are all but entirely lacking. Claims that they existed and at times were massive, and at other times weren't, must apparently suffice. The second comment is that the concept 'labour-intensive accumulation',

or, for that matter ‘labour-intensive industrialisation’, is never discussed in explicitly analytic terms. Reading the text, one cannot escape the conclusion that for the author labour intensity simply means a lot of work and not many machines. Lacking a way of measuring and comparing such intensity, the concept is not very analytical or helpful. Moreover, I would add, increasing labour input without technological change will soon run into diminishing returns, which means that it may make capitalists rich but has only limited potential when it comes to enriching entire societies. Wealthier countries not by accident use more and more advanced technology than poorer countries.

Liu’s analysis of changes in political economic thinking is less systematic and more anecdotic and it is not always easy to figure out how representative and influential the people and the ideas were that he writes about. Personally, I was struck by his claim that well into the final decades of Qing rule, export merchants in China were generally viewed in positive terms, by both European partners and the Qing bureaucracy and that their reputation then drastically changed from patriotic businessmen to imperialist collaborators who lived well from providing capital but were not really ‘productive’ (pp. 162, 187, 232–233, 235, 237). Nor would I endorse the claim that many Qing thinkers held mercantilist notions (p. 154).

That brings us to the third ‘book’, that I will discuss more extensively as it aims at a wider impact. In the book itself and in the many interviews on occasion of its publication, the author suggests that he presents a different i.e. new interpretation of capitalism. As indicated, he, unsurprisingly,

and rather ritualistically, advocates a non-Eurocentric approach in which capitalism is an *abstract* process of *global* interaction and competition. But as he knows and wholeheartedly admits in an interview¹ what happened with tea production in China and India actually cannot be understood without referring to “the centrality [sic, PV] of Britain to the world economy”. Tea had been produced in Asia in traditional ways for ages and, so he admits, it would be very difficult to explain how and why its production came to be driven by “the modern dynamics of accumulation”, unless we connect “what happened there to the global division of labour, centred on [...] the north Atlantic.” Liu considers Britain’s centrality as fairly contingent and claims that “capitalism’s history is best understood as a process driven by the logic of capital accumulation itself” in which accumulation is not “inherently loyal to this or that region”. I tend to agree but even then, the major historical question remains why the roles *of* and the rewards *for* certain countries/ regions in global capitalism were – and are – so different. Why and how can certain countries/ regions play the role of ‘cores’ and others that of ‘peripheries’? The period Liu discusses is one of accelerating globalisation but also of the Great Divergence and the Great Specialisation. Some Eurocentrism is simply unavoidable. Of course, they were confronted with agency, collusion as well as resistance, but it was European countries that incorporated other countries into the capitalist world-economy and not the other way around.

Liu’s claim that technology would be at the heart of definitions of capitalism is odd. It does not apply to the definitions by We-

ber, Sombart, Polanyi, Braudel, or Wallerstein, to name but a few giants in historical social science who have written extensively about capitalism. Nor can one find it in recent books on capitalism e.g. the *Cambridge History of Capitalism* or the books by Jürgen Kocka, Steven Marks, or Branko Milanovic. In line with a quite dogmatic Marxist, but in actual historical research of the last decades quite irrelevant, interpretation, Liu seems to think that so-called merchant capitalism is not considered real capitalism as it would not intervene in production and only ‘buy cheap and sell dear’. Actually, literally many hundreds of historical studies have appeared that show how merchants with capital coordinated, organized, controlled, and thus actively *changed* production processes and the role of direct producers. They have done so by engaging in putting out, by creating plantations, by building workshops or ‘factories’, by forcing peasants – who often were too indebted to refuse anyhow – to grow certain crops, etcetera. Historians as a rule have had no hesitation to describe such forms of submission of labour to the logic of the market and of their ‘employers’ as ‘capitalist’. Liu’s claim that there exist forms of production – in his case tea production – that functioned according to a capitalist logic even though the labourers involved were not idealtype proletarians, is not exactly ‘path-breaking’, to put it mildly. His bibliography strongly suggest that he simply does not know – or willingly ignores – almost everything that economic historians have been writing in the last decades about the position of labour in ‘merchant’ capitalism. That is odd. The list of studies analysing ‘proto-industry’ and ‘proto-industrialization’, increasing and

enforced ‘industriousness’, ‘the many faces of wage labour’, the disciplining of workers and the regulation of work, increasing proletarianization, the incorporating of peripheries into the capitalist world-system and all its consequences for labour, all in not-yet-industrialized countries, is endless.

Talking about ‘peripheries’ and the ‘capitalist world-system’ means talking about Immanuel Wallerstein. Actually, all the mechanisms that Liu ‘uncover’ have already been extensively described and interpreted by this scholar in his books on the capitalist modern world-system, the first of which is almost 50 years old. Liu only refers to Wallerstein once in his entire book – writing that “these narratives of globalization [à la Wallerstein, PV] are open to criticisms of Euro-American bias” while admitting that Wallerstein’s distinction between global commerce and global competition, with its major effects on production, is worth retaining (p. 40). In the bibliography there is only a reference to Wallerstein’s *The modern world-system* (to be abbreviated as MWS). It only refers to Volume III. When Liu suggests that standard interpretations of capitalism as a system distinguished by free markets and free labour need to be rethought (p. 8), I can only remind him that Wallerstein already in 1974 claimed that “Free labour is the form of labour control used for skilled work in core countries whereas coerced labour is used for less skilled work in peripheral areas. The combination thereof is the essence of capitalism” (MWS, I, p. 127). Wallerstein also, in 1989, described how in regions that became incorporated into the world-economy, production processes began to respond to the market condi-

tions prevailing there, just like Liu points out decades later (MWS II, pp. 130–131). In that same volume Wallerstein referred to two preferred ways of incorporating labour in the world-system, the ‘plantation solution’ and one in which merchants manage to make large numbers of small producers depend on them, adding that the simplest and most efficient way to create such dependency was via debt bondage. In any case, human labour in the peripheries of the capitalist world-system had to be ‘coercible’ in some way (MWS II, pp. 152–154). In that same book he discussed how merchant capital could get more grip on production via putting-out, the monitoring of, for example, the work of cotton weavers and opium-growing peasants, and the operating of workshops or factories, for example for processing opium or indigo (MWS II, pp. 127–190). Similar stories can be told and have been told by him and numerous others about the coercing of labour in all the various peripheries of the capitalist world-economy. He (also) emphasised time and again that once incorporated into a wage-labour driven world-economy, seemingly traditional, ‘pre-capitalistic’ forms of production took on the characteristics of capitalist production, which implied more coercion and working harder and longer. Liu’s claim that exploiting ‘unfree’ labour could be quite profitable also is not exactly new. We find it in Wallerstein (e.g. MWS II, p. 161). For American slavery, to give a much-discussed example, it has already been extensively shown by Conrad and Meyer and Fogel and Engerman several decades ago. Finally, when Liu writes “freer markets in the nineteenth century paradoxically relied upon and actively pro-

duced regimes of unfree labour” and “The story of Assam tea makes clear that *metropolitan* capital actively funded the rise of *colonial* labour indenture” (p. 127) he simply repeats the very essence of Wallerstein’s and many other scholars’ writing about the development of underdevelopment.

It is time to summarise. The book consists of three rather different parts whose integration is not always smooth. Less would certainly have been more. The tendency of the author to use unnecessary jargon, make many theoretical excursions and write a dense prose often makes the book a hard read. Its empirical parts are interesting, enlightening, and original. The same goes for the discussion of changes in political economy, that, however, is not very in depth and in which it is not always clear how important and representative the people and ideas discussed are. The many comments and excursions about capitalism contain a surprisingly large amount of shadow-boxing and overselling of a supposedly ‘new perspective’. In the humanities and social sciences, with rare exceptions, ‘new perspectives’ tend to be the result of a lack of erudition or an unwillingness to admit that one has predecessors. Liu’s book is not one of those rare exceptions.

Note

- 1 <https://www.indiachinainstitute.org/2020/05/23/andrew-b-liu-tea-war-a-history-of-capitalism-in-china-and-india/>, p. 2).

See also:

<https://spectrejournal.com/notes-toward-a-more-global-history-of-capitalism/>

<https://aeon.co/essays/the-china-tea-trade-was-a-paradox-of-global-capitalism>

<https://weai.columbia.edu/weai-author-qa-andrew-lius-tea-war-history-capitalism-china-and-india>

<https://asianreviewofbooks.com/content/tearwar-a-history-of-capitalism-in-china-and-india-by-andrew-b-liu/>

<https://www.asianstudies.org/production-circulation-and-accumulation-andrew-liu-on-the-historiographies-of-capitalism-in-china-and-south-asia/>

Hubert Bonin: Banking in China (1890s–1940s): Business in the French Concessions (= Banking, Money and International Finance), London: Routledge, 2020, 362 pp.

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Hubert Bonin's latest book presents an important contribution to both French financial and diplomatic history in China. *Banking in China (1890s–1940s): Business in the French Concessions* is a detailed study of French banking and trade operations in late Imperial and Republican China. Bonin's second manuscript in Routledge's *Banking, Money and International Finance* series is a fitting supplement to his *French Banking and Entrepreneurialism in China and Hong Kong: From the 1850s to 1980s* (Routledge, 2019). Both books should probably be read together, but those seeking a more detailed understanding of the early business history of the concession territories ceded by the Qing dynasty will be more than catered for in this monograph. Based on extensive archival and contemporary documentation, Bonin investigates the origins, development and growth of several French financial intermediaries in

the French concession ports of southeast China. Although the geographical scope of this investigation is limited to the three French concessions in Guangzhou, Tianjin and Wuhan, the book expands the analysis on French finance and trade to include most of the southeast coast and the Yangtze delta.

The mid- and late nineteenth century 'Scramble for China' sets the political backdrop to this business history. While the periodization is not always exact, with political events in China often overlapping with key causal factors in French banking history, the linear approach allows for continuity from one chapter to the next and fosters a more nuanced approach to unpacking French banks' corporate strategies. However, and given the importance of this period for European expansion into East Asia and the author's own emphasis on the processes of financial globalization, many historians will be left wanting more information about the political context in which the banking developments took place. There is little background information on European colonialism in China and the system of territorial concessions is left largely unexplained. Although we are presented with a comprehensive review of trade flows to and from China, the balance of trade provides limited insights into the economic and social structures in China before and during the European penetration into the mainland markets. French financial market entry and gradual success is generally treated as a self-fulfilling prophecy with limited evidence on Chinese resistance, competition, or collaboration. Nonetheless, it is the thorough analysis of competition and cooperation between foreign banks from Britain, France, Ger-