

# Global Capitalism

Saltmarsh Rooms, King's College, University of Cambridge

27 April 2007

## Participants

Chris Bayly  
Michael Bordo  
D'Maris Coffman  
John Dunn  
Ross Harrison  
Eric Hobsbawm  
Istvan Hont  
Harold James  
Melissa Lane  
Philipp Lehmann  
Claude Markovits  
Chris Meissner  
Douglas Moggach  
William Nelson  
Gabe Paquette  
Carol Richards  
David Richards  
Emma Rothschild  
David Runciman  
Christophe Salvat  
Amartya Sen  
Gareth Stedman-Jones  
Helen Thompson  
David Todd  
Adam Tooze  
Tony Wrigley

## Introduction

### Emma Rothschild

The main purpose of the one-day conference was to examine capitalism in its global context, inspired by approaches and themes from economic history, the history of economic thought, and an interest in the 'real world'. As Emma Rothschild underlined, the global aspects of capitalism have been less examined in a scholarly context than one might hope, despite the fact that reflections on the global dimension of capitalism are as old as the concept itself.

## **Session 1: Capitalism and Security**

### **Harold James, Gareth Stedman-Jones**

Harold James spoke about the role of financial instruments in the ‘securitization of society’: while individuals faced constant unpredictability in their lives before the advent of modern economic growth, they could be certain that the overall societal framework would more or less stay the same; the advent of a new approach to financial instruments, however, reversed this relationship in the later twentieth century. People now started to feel much more secure about their personal destiny but, due to big technical shifts and innovations, were less sure about the development of the societal superstructure.

Commenting on the origins of the modern economic world, James concluded that, even if defined narrowly, capitalism has had a long history. The influence of capitalism on the private sphere, however, is a more recent phenomenon. Taking the emergence of the joint stock company as an example, James argued that the new financial instruments not only helped to make personal lives more secure, but also had effects on social structures, such as the decreasing role of women involved in the running of businesses and changing marriage patterns.

Gareth Stedman-Jones spoke on Karl Marx’s changing ideas on the global dimension of communism. In a time where the initially widespread capitalist optimism had already receded, Marx took over some of the critical ideas of Mill and Hegel, who had argued for the existence of a civilizational barrier between Europe and Asia. Marx, however, thought that the success of communism was not possible without a revolution in Asia as well and hoped that the effects of British colonial rule might help to trigger the development towards communism in India. On the other hand, Marx did not show any sympathy for the Indian Mutiny and the Taiping Rebellion in China and regarded them merely as examples of the slow dynastic change commonly ascribed to Asian societies.

Stedman-Jones pointed out that Marx abandoned his universalism in the last years of his life and turned towards pre-history for inspiration. More and more – and in contrast to Engels’ approaches – the previously neglected pre-historical village community came to represent a societal model for Marx.

The discussion of the two presentations started with an exchange on the persistence and the ambiguous significance of crises in the capitalist system.

David Runciman pointed out that financial tools have still not led to an eradication of personal insecurity and that the newly-won security appears to be unequally distributed. David Richards added that the current global boom has in part been possible only through a huge increase in debt, which might lead to another big crisis.

## **Session 2: Asia and Globalization**

### **Chris Bayly, Claude Markovits**

Chris Bayly explored the Indian background to the expansion of the British colonial economy in his talk. He emphasized the importance of local capital for the development of global markets. In India, the British were reliant on the already well-developed

merchant networks, which often survived the advent of the colonial period. In fact, the Indian merchant communities continued to flourish under British rule. The colonizers used the already existing networks to move money around and gain vital economic information. With this example, Bayly disclosed the importance of extra-European agency in the development of the global economy – an aspect that is often discounted in the existing literature.

Very much complementary to Bayly's talk, Claude Markovits spoke on the global aspect of the pre-colonial Indian economy, which – up to the end of the nineteenth century and the introduction of the railway – did not represent a self-contained space. Markovits pointed out the importance of the extensive merchant networks for the production and trade of cloth in India and beyond. The Indian merchants formed 'cognitive communities', which generated, stored, and relayed specific knowledge about markets, which were later often tapped by the colonial intruders.

In a second part, Markovits raised the issue of the important interrelations between capitalism and war. He illustrated this point with the example of the Opium War, which was instrumental in opening up the Chinese market for the global economy.

Emma Rothschild started the discussion with a comment on the involvement of Indian markets (sale of cloth to Africa) in the 'not so triangular' slave trade.

Eric Hobsbawm identified a difference between South and East Asian markets on the one hand, and Eastern European and Latin American markets on the other: while the supply of capital and the cognitive knowledge was largely 'native' in the former areas, Hobsbawm argued, the markets in the latter parts of the world were dominated by small elites of largely foreign minorities. Claude Markovits replied that even in India, minorities played an important role in the economy.

Chris Bayly called for further academic examination of the 'local global world', including Sri Lanka, Burma, and Indonesia in the 17<sup>th</sup> and 18<sup>th</sup> centuries.

### **Session 3: Capitalism and Globalisation** **Emma Rothschild, Amartya Sen**

Eric Hobsbawm spoke on the course and effects of capitalism in the global sphere. Although the development of the world as a single unit is not a new phenomenon, comparisons of today's world with the one of pre-1914 are mistaken. In the 19<sup>th</sup> century the number of people involved in the global sphere was much smaller and that number rapidly increased in the 20<sup>th</sup> century due to the effects of the communications and transportation revolutions. Hobsbawm argued that the rise of neo-liberal policies has increased the inequalities in the world, which, in turn, will lead to instability and unrest and, subsequently, to sharp political changes. Thus, a large economy is not necessarily a recipe for stability.

In the second part of the presentation, Hobsbawm pointed out the resistance to globalisation that is inherent in the persistence of the state as the highest form of political organisation around the world. Despite the progress of globalisation, moreover, the

world economy is still in its infancy today. Interestingly, the 'western' states do not feature very highly on a ranking of the most globalised economies.

Amartya Sen's presentation focused on the mixed effects that the incorporation of Asian markets into the world economy has engendered. Up to 1980, during a period of relatively low economic growth, China extended state services in the fields of health care and schooling. Thereafter, state intervention became much less pronounced. This led to a steep decline in health care coverage (today, just 20% of the population are covered in China). While the introduction of local markets into the global economy has kept poverty stationary, Sen argued that inequalities have increased. Thus, the big issue that we are faced with today is the question of how the profits of globalisation can be shared equally. This represents a version of the basic bargaining problem (John Nash).

Finally, Sen challenged Hobsbawm's view of a direct link between poverty and instability by citing the low crime rates in big (and poor) Indian cities.

Emma Rothschild established a connection between the last two presentations and the morning session in pointing out that security – as well as wealth – has increased in some cases and decreased in others in the global economy.

Gareth Stedman-Jones raised the question of what factors determine the development towards political unrest, if the link between inequality/poverty and instability is in fact untenable. Harold James pointed out the rise and fall of inequalities in the 20<sup>th</sup> century, which imply a correlation – and maybe even a causal link – between projects of redistribution and periods of instability. Chris Bayly called for projects on the globalisation of Islam and other transnational movements.

Eric Hobsbawm concluded by emphasizing that the issue of the global economic sphere today is not the decision between a market economy and a non-market economy. A non-market scenario is simply incompatible with the economic growth rates. The big question is rather how far the global market can achieve a relative diminution of regional disparities in the world. The environmental problems of today can only be dealt with on a global and transnational level, but there is a limit as to what the market can do to solve these issues. Yet, at the same time, there is a gradual disappearance of governments who believe in the social role of the state.

By tying together past and present aspects of global capitalism, the conference addressed both the historical dimension as well as the ongoing topicality of the issues connected to the expansion of the world economy. The themes and questions raised by the participants offer starting points for further comparative studies on a trans-national and trans-local level.