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ARTICLE

Mercantile Elites and the Making of Global Capitalism

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Abstract

Global trade is a topic that is well suited for conceptualizing global social history as it allows the opportunity to challenge the notion that global markets were primarily congruent with imperial territories. Businessmen were regularly able to establish economic networks that transgressed state borders and challenged imperial aims for territorial control. This may be evidence for the fact that capitalism and imperialism were two different, although sometimes converging, spatial structures, each with a distinct logic of its own. Even in the colonial period, and despite the prevalence of imperial racism, co-operation between metropolitan capitalists and businessmen from peripheries was possible – and, in fact, the rule rather than the exception. This co-operation was facilitated by similar business practices and a similar mercantile culture, which is why the two constituencies have been described as joint members of a globally connected bourgeoisie in several studies. The ability of economic elites to establish transregional business structures is highly relevant for conceiving global social history as a distinct approach. It reveals that the activities of these actors were crucial for establishing global capitalism, and allows scholars to examine the embeddedness of mercantile elites in their socio-economic environment and in particular to study the relation between capital and labour.

In November 1844, the Swiss merchant Salomon Volkart left the familiar surroundings of his native town of Niederglatt and travelled to India. On the journey to South Asia, he met many Swiss fellow merchants who had established themselves in commercial towns such as Naples, Smyrna, Constantinople, and Cairo, and he mentioned these encounters in passing in his diary.[1] This expedition, whose main objective was to seek out new markets for Swiss textile

[1] Hans Conrad Peyer, 'Aus den Anfängen des schweizerischen Indienhandels: Briefe Salomon Volkarts an Johann Heinrich Fierz 1844–1845', in *Zürcher Taschenbuch auf das Jahr 1961* (Zurich, 1960), pp. 107–19.

products in Naples, the Levant, and India, is remarkable for two reasons. On the one hand, it reveals the global market orientation of the Swiss textile industry of the day, showing that the spatial borders of markets were by no means congruent with imperial and national territories, and confirming that actors from a country without colonies could operate in the colonial world as a matter of course.[2] On the other hand, the expedition is evidence of the importance of merchants for promoting economic globalization, as they could gather market information in foreign emporia, which would allow manufacturers to tailor their exports as best as possible to local requirements.[3]

And, in fact, Salomon Volkart did conduct detailed market analyses during his journey to India. For instance, he visited a silk weaving mill in Poona and sent samples of the articles manufactured there to one of his employers in Europe, the Swiss textile manufacturer Hüni & Fierz, in the hope 'that you will manage to work in this area as well'.[4] Some years later, with his brother Johann Georg, he founded the merchant house Volkart Bros. The Volkart company became one of the most important trading firms in South Asia up until the late nineteenth century, and one of the most eminent commodity traders in the world after the mid-twentieth century.[5] It established ties with businessmen from all corners of the world, including Indian merchants, Chinese compradors, European manufacturers, bankers, and shipping agents, and owners of trading firms in Latin America and the United States. By doing so, the firm became one of the many intermediaries for establishing trade connections between different continents, leading to the emergence of ever more closely integrated global markets.[6]

The case of the Volkart company can be considered representative of the way in which globally operating merchants from various provenances contributed to the emergence of a world market. Of course, how such business ties were established in their respective emporia differed considerably according to political circumstances and legal regulations. However, the fact that, throughout the centuries, merchants of different geographical provenances, ethnicities, or religious communities were able to establish business connections that, at times, could be remarkably stable may be evidence that they belonged to an identifiable social group characterized by a distinct mercantile culture. As Francesca Trivellato has pointed out for early modern Sephardic

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[2] Béatrice Veyrassat, '1945–1990: bilan des recherches sur l'histoire du négoce international de la Suisse (XVIIIe siècle – Première Guerre mondiale)', *Schweizerische Zeitschrift für Geschichte*, 41 (1991), pp. 274–86; Thomas David and Bouda Etemad, 'Gibt es einen schweizerischen Imperialismus? Zur Einführung', *traverse. Zeitschrift für Geschichte*, 5 (1998), pp. 17–27; Patricia Purtschert and Harald Fischer-Tiné, eds., *Colonial Switzerland: rethinking colonialism from the margins* (Basingstoke, 2015).

[3] Béatrice Veyrassat, *Négociants et fabricants dans l'industrie cotonnière Suisse, 1760–1840* (Lausanne, 1982), pp. 39–40.

[4] Peyer, 'Aus den Anfängen des schweizerischen Indienhandels', p. 116.

[5] Christof Dejung, *Commodity trading, globalization and the colonial world: spinning the web of the global market*, trans. Paul Cohen (New York, NY, 2018).

[6] See Kenneth Pomeranz and Steven Topik, *The world that trade created: society, culture and the world economy, 1400–the present* (New York, NY, 2006), for the significance of trading houses for economic globalization.

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traders, long-distance trade relied on and generated a familiarity among strangers which rendered expectations about the behaviour of business partners in other parts of the world more predictable.[7] Due to the fact that legal regulations governing long-distance trade relations were often either missing or could only be enforced with great difficulty, doing business with economic actors in far-away places was rather risky, as merchants had to take into account the possibility that their counterparts might not discharge their payment obligations or that the contracted goods might not be of the quality stipulated. As formal institutions were often not sufficient in helping them to avoid such opportunistic behaviour, merchants relied on what institutional economists called 'informal institutions' – that is, customs, reputation, or concepts of honour or family relations – in order to reduce transaction costs.[8] This was not only the case with early modern merchant houses, but also with the multinational trading firms that began to dominate global trade after the late nineteenth century.[9]

The capability of mercantile elites to establish business relations across continents is highly relevant for global social history as a distinct methodological approach because, by doing so, they regularly crossed state borders. This may be evidence that capitalist markets and empires can be considered two different, although sometimes converging, spatial structures, each with a distinct logic of its own. What is more, recent research has pointed out that, even in the colonial period, and despite the prevalence of imperial racism, co-operation between metropolitan capitalists and businessmen from peripheral areas was possible and, in fact, rather the rule than the exception. Even though European, American, and, after the First World War, Japanese capital and political power fundamentally transformed African, South Asian, and Latin American economies, the integration of these areas into global capitalism would not have been possible without the agency of local merchants.[10] This co-operation between Western and non-Western businessmen was facilitated by similar business practices and a similar mercantile culture, which is why merchants have been described as joint members of a globally connected bourgeoisie in several studies.[11] Despite this qualification, it might be expedient to not consider these merchants as a distinct social class. Rather, such mercantile elites can be thought of as belonging to a specific social milieu which was

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[7] Francesca Trivellato, *The familiarity of strangers: the Sephardic diaspora, Livorno, and cross-cultural trade in the early modern period* (New Haven, CT, 2009).

[8] Mark Casson, 'The economic analysis of multinational trading companies', in Geoffrey Jones, ed., *The multinational traders* (London, 1998), pp. 22–47.

[9] Dejung, *Commodity trading*.

[10] On the activities of European businessmen in Asia, see C. A. Bayly, *Rulers, townsmen and bazaars: north Indian society in the age of British expansion, 1770–1870* (Cambridge, 1983); Yen-p'ing Hao, *The commercial revolution in nineteenth-century China: the rise of Sino-Western mercantile capitalism* (Berkeley, CA, 1986); and Rajat Kanta Ray, 'Asian capital in the age of European domination: the rise of the bazaar, 1800–1914', *Modern Asian Studies*, 29 (1995), pp. 449–554.

[11] Charles A. Jones, *International business in the nineteenth century: the rise and fall of a cosmopolitan bourgeoisie* (Brighton, 1987); Ulrike Freitag, *Indian Ocean migrants and state formation in Hadhramaut: reforming the homeland* (Leiden, 2003); and Dejung, *Commodity trading*.

characterized by distinct sociocultural features that were remarkably stable across time and space. Nor was their professional activity restricted to import and export trade, as they were often active in different business sectors at the same time, or they diversified into new fields of activities such as banking, shipping, or manufacturing over time.

This article examines how the history of mercantile elites and the business networks they established may contribute to framing the approach of global social history. The first section discusses the rather ambiguous relation between state and business – or territoriality and capitalist markets – and points out the ways in which global markets were intertwined with, and often relied on, imperial policies. The second section explores the fact that mercantile elites, owing to their social and economic capital, often had considerable agency which allowed them to develop ties that crossed state boundaries; in fact, the ability to build such networks was often the reason for their economic thriving. Section three points out how the establishment of mercantile networks was facilitated by a globally shared mercantile culture. Section four reveals how businessmen around the world were influenced by the breakthrough of bourgeois culture and by the advent of new modes of education during the long nineteenth century. It also notes that, despite these similarities, there were remarkable discrepancies between the relation of business elites to other parts of society in different parts of the world. These discrepancies were closely related to the fact that specific areas occupied different positions in the global economy. The concluding fifth section discusses whether these developments resulted in the emergence of a transnational capitalist class of politicians, bureaucrats, businessmen, and professionals after the 1970s.

I

The fact that the creation of a capitalist world market took place at the same time as European expansion has been pointed out in numerous studies. However, the relation between imperialism and capitalism is disputed. Sven Beckert, for instance, argues in his *Empire of cotton* that capitalism as a worldwide economic system depended not least on the militarization of trade, massive land expropriation, genocide, and slavery after the seventeenth century.[12] He calls this system 'war capitalism' and claims that there was a close interrelation between globally operating capitalists and imperial bureaucracies in integrating ever-increasing parts of the globe into a European-dominated world economy. Beckert's study bears some similarities with older approaches, such as Wallerstein's world-system analysis, in that it examines the emergence of a global market as closely related to European expansion (it is, however, empirically much more nuanced than Wallerstein's approach).[13] There are also parallels to the claims made by John A. Hobson and Lenin in the early twentieth century, and the arguments raised in John Gallagher and Ronald

[12] Sven Beckert, *Empire of cotton: a global history* (New York, NY, 2014).

[13] Immanuel Wallerstein, *The modern world-system* (4 vols., New York, NY, 1974–2011).

Robinson's 'The imperialism of free trade' and in Peter Cain and Anthony Hopkins's 'Gentlemanly capitalism', according to which, at least for the case of Britain, imperial policies can be related to economic interests and the lobbying of capitalists.[14]

One of the most explicit arguments that capitalism must be interpreted as an intersection of private capital and state power was put forth by Fernand Braudel. Braudel famously distinguishes capitalism (which tends to form monopolies and came about primarily in banking and far distant trade) from markets (which he considers to be a much more local phenomenon characterized by competition between market participants).[15] Evidence for this claim can be found throughout European history. The monopoly granted to private trading companies such as the Dutch and British East India companies are certainly excellent examples of the backing of private businesses by state power. The breakthrough of capitalism in Europe – first in Italy and then in north-western Europe – was accompanied, if not rendered possible, by complicity between capitalist dynasties such as the Medici, the Peruzzo, and the Fugger, or, later, Jewish court factors and European royalty, who relied on private capital in order to finance wars, raise taxes, and handle the state's finances.[16] A similar case can be made for the Rothschild family, whose wealth had a deciding influence on political processes in the nineteenth and twentieth centuries, such as the independence of Brazil, the founding of the African colony of Rhodesia by Cecil Rhodes, or the issuing of Japanese war bonds in the Russo-Japanese War.[17]

Nor can the foreign policy of the United States, with its regular military interventions and intelligence operations in Latin America and the Middle East, or European imperialism after the mid-nineteenth century, be understood without examining the relation between state and business.[18] The state is also relevant for business, as it is responsible for creating the legal framework that both safeguards and restricts economic operations. Several

[14] John A. Hobson, *Imperialism: a study* (London, 1902); Vladimir Ilyich Lenin, *Imperialism, the highest stage of capitalism* (London, 1948; orig. edn 1917); John Gallagher and Ronald Robinson, 'The imperialism of free trade', *Economic History Review*, n.s. 6 (1953), pp. 1–15; Peter J. Cain and Anthony G. Hopkins, 'Gentlemanly capitalism and British expansion overseas I: the old colonial system, 1688–1850', *Economic History Review*, n.s. 39 (1986), pp. 501–25; 'Gentlemanly capitalism and British expansion overseas II: new imperialism, 1850–1945', *Economic History Review*, n.s. 40 (1987), pp. 1–26.

[15] Fernand Braudel, *Civilization and capitalism, 15th–18th century*, trans. Siân Reynolds (3 vols., Berkeley, CA, 1979); Fernand Braudel, *La dynamique du capitalisme* (Paris, 1985). For a critical appraisal of Braudel's work, see Guillaume Garner and Matthias Middell, eds., *Aufbruch in die Weltwirtschaft. Braudel wiedergelesen* (Leipzig, 2012).

[16] See Edwin S. Hunt, *The medieval super-companies: a study of the Peruzzi company of Florence* (Cambridge, 1994); Jonathan I. Israel, *European Jewry in the age of mercantilism, 1550–1750* (New York, NY, 1985); Peter Spufford, *Handel, Macht und Reichtum. Kaufleute im Mittelalter* (Stuttgart, 2004), for the interrelation between royalty and capitalists in the European Middle Ages and the early modern period.

[17] For the history of Rothschild, see, among others, Niall Ferguson, *The house of Rothschild* (2 vols., New York, NY, 1998–9).

[18] David Harvey, *The new imperialism* (Oxford, 2005).

scholars have explained the rise of the West to global economic dominance as being the result of the greater effectiveness of legal institutions in western Europe after the medieval period. As property rights were secured by the state, capitalists were increasingly ready to invest and could thus found vast businesses. As a consequence, the European economy arguably outpaced non-European economies, which finally allowed the establishment of a Eurocentric economic world order after the beginning of the nineteenth century.[19]

The argument that, first, capitalism necessarily required state backing in order to thrive and, second, the symbiosis between state power and capitalists explained the rise of Europe to become the pre-eminent power in the world has, however, been challenged by the 'great divergence' thesis. According to this thesis, the economic capacity of western Europe was quite similar to that of East or South Asia until the late eighteenth century. Only after industrialization was western Europe capable of securing a predominant place in global affairs (however short-term that positioning was).[20] The laissez-faire policy of the Chinese state, which intervened much less in economic affairs and did not build a mercantilist system or offer state protection of trade, unlike European states, is thus not necessarily evidence of the more primitive state of the medieval Chinese economy, as Braudel maintains. Rather, as Peer Vries has suggested, it could be a sign of a better-established market economy that did not necessarily require state guarantees to flourish.[21] Even though it is thus likely that mercantile networks worked rather differently in different countries – which resulted in different relations between business elites and rulers according to different institutional frameworks – such networks, it seems, could flourish despite these discrepancies.

While there is ample evidence for a close relation between the realms of business and politics, there is also reason to believe that this relation, even within Western capitalism, was far more conflicted than is postulated by Braudel or by approaches such as world-system analysis or orthodox Marxist research.[22] The Italian sociologist Giovanni Arrighi has even argued that

[19] Douglass C. North and Robert Paul Thomas, *The rise of the Western world: a new economic history* (Cambridge, 1973); Daran Acemoglu, Simon Johnson, and James A. Robinson, 'The colonial origins of comparative development: an empirical investigation', *American Economic Review*, 91 (2001), pp. 1369–1402; Daran Acemoglu and James A. Robinson, *Why nations fail: the origins of power, prosperity, and poverty* (New York, NY, 2012).

[20] Kenneth Pomeranz, *The great divergence: Europe, China, and the making of the modern world economy* (Princeton, NJ, 2000); Prasannan Parthasarathi, *Why Europe grew rich and Asia did not: global economic divergence, 1600–1850* (Cambridge, 2011).

[21] Peer Vries, 'Europe and the rest: Braudel on capitalism', in Garner and Middell, eds., *Aufbruch in die Weltwirtschaft*, pp. 81–144. European imperialism can thus be considered a relatively transient development, a temporary victory of the 'empires of the weak' over dominant Asian and Middle Eastern powers. See J. C. Sharman, *Empires of the weak: the real story of European expansion and the creation of the new world order* (Princeton, NJ, 2020), for this argument.

[22] For more on the view that states should primarily be seen as an expression of specific social power structures, thereby rendering the distinction between market and politics moot, see, for example, Immanuel Wallerstein, *Historical capitalism* (London, 1983); William I. Robinson, *A theory of global capitalism: production, class, and state in a transnational world* (Baltimore, MD, 2004), p. 97.

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capitalism and state territoriality are two completely different modes of rule. He claims that territoriality endeavours to control the land and the local population, whereas control of capital is merely a means to an end. In other words, capitalism is primarily concerned with achieving the greatest possible mobility of capital, whereas controlling territories and people is, in his view, nothing more than a means of increasing returns for shareholders.[23] Likewise, David Fieldhouse challenges the conventional wisdom that multinational industrial companies can only be profitable in foreign markets if they receive a state-guaranteed monopoly status: 'Exactly the opposite is generally true of the modern manufacturing multinationals. They are, by their nature, interested in freedom of trade outside their protected home base. They do not need physical control over their markets.'[24] This phenomenon was even more pronounced for internationally active and privately owned trading firms which even today are responsible for the bulk of global trade. As long as they did not own vast estates or, after the nineteenth century, large industrial plants – and many trading companies consciously held back from such backward and forward integration – and instead focused on the international trading business, their interest in territorial matters was relatively limited. Moreover, they often used the transnational structures of their businesses to evade domestic and international efforts to control the trading sector and tax its revenue.[25]

Whether merchants who engaged in long-distance trade intended to elude state control or whether they relied instead on state protection depended not least on political circumstances. Matthias Middell and Katja Naumann suggest interpreting the history of modern globalization as a succession of regimes of territorialization and de-territorialization.[26] World trade, as is well known, was characterized by a free-trade regime that was installed as the result of Britain's global predominance after the mid-nineteenth century, followed by an increase of protectionism and state intervention after the 1880s, and particularly after the 1930s.[27] Only after the 1970s did a new era of deregulation begin, which involved the lessening of state interference in the movement of both goods and finance.[28]

[23] Giovanni Arrighi, *The long twentieth century: money, power, and the origins of our times* (London, 1994), p. 34. Similar arguments are presented by David Harvey, *The new imperialism* (New York, NY, 2003), p. 26.

[24] David K. Fieldhouse, '"A new imperial system"? The role of the multinational corporations reconsidered', in Wolfgang J. Mommsen and Jürgen Osterhammel, eds., *Imperialism and after: continuities and discontinuities* (London, 1986), pp. 225–40, at p. 237.

[25] Christof Dejung, *Commodity trading*; Lea Haller, *Transithandel. Geld- und Warenströme im globalen Kapitalismus* (Frankfurt, 2019).

[26] Matthias Middell and Katja Naumann, 'Global history and the spatial turn: from the impact of area studies to the study of critical junctures of globalization', *Journal of Global History,* 5 (2010), pp. 149–70.

[27] Harold James, *The end of globalization: lessons from the Great Depression* (Cambridge, MA, 2001), pp. 10–25; Jürgen Osterhammel and Niels P. Petersson, *Globalization: a short history* (Princeton, NJ, 2005), pp. 70–106.

[28] It has to be noted, though, that economic deregulation was also established by politics and was the result of deliberate policies by neoliberal governments: see Quinn Slobodian, *Globalists: the end of empire and the birth of neoliberalism* (Cambridge, MA, 2018).

Merchants had to adapt their business strategies accordingly. Yet they did not necessarily cease their transnational operations in times of protectionism. Rather, they widened the scope of their activities to counter protectionist measures, or benefited from state initiatives to foster exporting. In fact, many businesses became global players precisely after the 1920s – which definitely challenges the designation of the interwar years as a period of mere de-globalization.[29]

II

Despite the indisputable influence of state politics on long-distance trade, there is reason to analyse mercantile networks not as mere functions of imperial and national policies but as entities in their own right, and to consider the agency of the merchants responsible for their establishment.[30] Several studies have challenged the notion of a convergence of capitalism and state power, suggested by Braudel, Wallerstein, and others. Cátia Antunes and Amélia Polónia point out that, after the sixteenth century, private actors established many economic ties that transgressed imperial borders.[31] Portuguese traders, for instance, remained important in Asian trade even after Portugal had lost its Asian possessions. Traders from other Western countries, such as Germany, Switzerland, or the United States, were active in Asia, Africa, and the Americas, despite the fact that their home countries did not possess overseas colonies of their own.[32] Antunes and Polónia suggest that historians should therefore examine not only formal structures but also informal networks and cross-imperial dynamics.

That said, state power and imperial bureaucracies played an important role in long-distance trade, as they could open up new markets and provide legal security, which private actors could not. And some of the early modern chartered companies, most famously the British and Dutch East India companies, even established territorial structures and became states within states.[33] Yet the relation between states and private actors was not linear but characterized by a high degree of ambiguity. Either private actors could become agents of

[29] Dejung, *Commodity trading*, parts III and IV.

[30] Epistemologically, it is impossible to clearly distinguish the economy from other parts of society. Therefore, every distinction can – and has to – be made only for heuristic reasons. See, for this aspect, Christof Dejung, 'The problem of embeddedness revisited: self-interest as a challenge in ethnographic and historical research', in Christine Zabel, ed., *Historicizing self-interest in the modern Atlantic world: a plea for ego?* (Abingdon and New York, NY, 2021), pp. 117–38.

[31] Cátia Antunes and Amélia Polónia, 'Introduction', in Cátia Antunes and Amélia Polónia, eds., *Beyond empires: global, self-organizing, cross-imperial networks, 1500–1800* (Leiden, 2016), pp. 1–11.

[32] Thomas David, Bouda Etemad, and Janick Marina Schaufelbuehl, *Schwarze Geschäfte. Die Beteiligung von Schweizern an Sklaverei und Sklavenhandel im 18. und 19. Jahrhundert* (Zurich, 2005); Andreas Gestrich und Margrit Schulte Beerbühl, eds., *Cosmopolitan networks in commerce and society, 1660–1914* (London, 2011); Lisa Sturm-Lind, *Actors of globalization: New York merchants in global trade, 1784–1812* (Leiden, 2018).

[33] Philip J. Stern, *The company-state: corporate sovereignty and the early modern foundations of the British empire in India* (Oxford, 2011): Erik Odegard, *The company fortress: military engineering and the Dutch East India Company in South Asia, 1638–1795* (Leiden, 2020).

empires, attempting to make a profit by deliberately crossing imperial boundaries (for instance, through contraband), or they could advance imperialism by urging European powers to intervene and assist the endeavours of 'men on the spot'. Antunes and Polónia thus urge historians to examine world trade as the development of a 'world of connectivities, each of which contributed to transformative processes in a different way, rather than extolling a nation state-centred historiographical approach'.[34]

Networks among privately owned trading firms were just one of the many possibilities by which global markets could come into being. Another was that of chartered companies – such as the aforementioned East India companies – or commercial organizations backed up by imperial power in the nineteenth and twentieth centuries. Yet many of these conglomerates, which were often granted monopolistic advantages, turned out to be rather inflexible and were, over time, dissolved and replaced by more agile private companies. Another way of establishing international commercial ties relied on the activities of multinational industrial enterprises which began to found agencies and subsidiaries in foreign lands after the late nineteenth century.[35] Many of these firms retained an ownership and managerial structure that was largely shaped by the features of their respective home countries until the late twentieth century; only in the wake of the worldwide economic deregulation after the 1970s did they turn into truly cosmopolitan entities, in which neither the national origin of capital nor that of managers played a significant role. But these multinational manufacturers also frequently relied on private merchant houses to act as intermediaries and establish business relations in far-away places.[36]

Scholars have pointed out that trading networks often relied on social ties originating in kinship or in a shared religious or geographical background.[37] Yet, such affiliations were rarely possible in overseas emporia, leaving merchants having to conduct transactions with foreign traders. Non-Western businessmen therefore played a crucial role in what has been described as European expansion. The economic activities of the Portuguese on the west African coast, for instance, relied not least on co-operation with the economic elite in the Senegambia–Guinea region. Portuguese merchants were integrated into African society by marrying, cohabiting with, or having sexual relations with African women, thus forming distinct Luso-African mercantile communities. In addition, the establishment of the transatlantic slave trade was facilitated by pre-existing patterns of exchange. Scholars such as Toby Green and Linda Newson point to the role of 'new Christians': Portuguese Jews who had been forced to convert in the early sixteenth century. Some of them settled on the Cabo Verde islands and began to build trade relations with

[34] Antunes and Polónia, 'Introduction', p. 11.

[35] Geoffrey Jones, *Multinationals and global capitalism: from the nineteenth century to the twenty-first century* (New York, NY, 2005).

[36] Dejung, *Commodity trading*.

[37] Philip D. Curtin, *Cross-cultural trade in world history* (Cambridge, 1984); Avner Greif, 'Reputation and coalitions in medieval trade: evidence on the Maghribi traders', *Journal of Economic History*, 49 (1989), pp. 857–82.

the African coast. By doing so, they supported the development of Portuguese trade relations between Europe, West Africa, and the Caribbean and became part of the emerging triangular trade. This had not, however, been the initial aim of the Cabo Verde traders. Nor had they intended to develop a world-spanning project of empire-building. Rather, they only learned over time about the mechanisms of transatlantic trade, whose coming into being they had assisted.[38]

Similar processes of interaction between European and non-European traders both in the run-up to empire-building and in the forming of trade relations within distinct empires took place in Asia. Overseas Chinese business networks in East and Southeast Asia were crucial for the integration of Asia into a European-dominated world market after the nineteenth century. Chinese businessmen, among others, worked as compradors for European (and later also Japanese) firms, as well as managing European plantations and mines and raising taxes for imperial bureaucracies in hinterland areas. Yet they were much more than accomplices of imperialism. Some Chinese entrepreneurs established factories in emporia such as Hong Kong or Singapore, even though such foundations were not in the interest of imperial powers. What is more, they linked trade between south China and Southeast Asia that was barely controlled either by the Chinese state (which regarded Chinese traders who chose to stay abroad as deserters of the empire) or by the European powers, and became an autonomous economic system after the sixteenth century.[39] In his research on Dutch Batavia between 1619 (the year the Dutch settlement was established) and the mid-eighteenth century, Leonard Blussé argues that Batavia was 'economically speaking, basically a Chinese colonial town under Dutch protection'.[40]

Indian trading networks had a similar significance in the age of empire. The role of Indian merchants to act as brokers or *shroffs* (bankers), first for the East India Company and then, after its monopoly rights were withdrawn, for private trading firms such as Ralli, Volkart, or Wallace, has been described in several studies.[41] Claude Markovits, however, points out that Indian traders were not mere middlemen for Europeans but were able to extend their role in

[38] Toby Green, *The rise of the trans-Atlantic slave trade, 1300–1589* (Cambridge, 2012); Linda A. Newson, 'Africans and Luso-Africans in the Portuguese slave trade on the upper Guinea coast in the early seventeenth century', *Journal of African History*, 53 (2012), pp. 1–24.

[39] Roderich Ptak, 'Quanzhou: at the northern edge of a Southeast Asian "Mediterranean"', in A. Schottenhammer, ed., *The emporium of the world: maritime Quanzhou, 1000–1400* (Leiden, 2001), pp. 395–428; Huei-Ying Kuo, 'Agency amid incorporation: Chinese business networks in Hong Kong and Singapore and the colonial origins of the resurgence of East Asia, 1800–1940', *Review (Fernand Braudel Center)*, 32 (2009), pp. 211–37; Meike von Brescius, *Private enterprise and the China trade: merchants and markets in Europe, 1700–1750* (Leiden, 2022).

[40] Leonard Blussé, *Strange company: Chinese settlers, Mestizo women and the Dutch in VOC Batavia* (Dordrecht and Riverton, NJ, 1986), p. 74.

[41] Bayly, *Rulers, townsmen and bazaars*, is one of the most influential studies on these relations. See also Marika Vicziany, 'Bombay merchants and structural changes in the export community 1850 to 1880', in Kirti N. Chaudhuri and Clive J. Dewey, eds., *Economy and society: essays in Indian economy and social history* (Delhi, 1979), pp. 163–96; and Michael Aldous, 'From traders to planters: the evolving role and importance of trading companies in the 19th century Anglo-Indian indigo

long-distance trade after the establishment of British imperialism in South Asia.[42] This may be evidence of the fact that non-European businessmen were not restricted to an economic shadowy existence after the implementation of a European-dominated world economy but could very well secure global ties of their own.

The remarkable strength of Indian mercantile networks in colonial times relied not least on structures that had been put in place in the precolonial period. In fact, overseas trade in the Indian Ocean had been dominated by Indian merchants since the fifteenth century. They also played an important role in the caravan trade between north India, Afghanistan, and Russia between the sixteenth and eighteenth centuries. While the lucrative trade to Europe came under the control of European multinational firms with the construction of the Indian railway and telegraphic communication systems after the mid-nineteenth century, Indian traders remained important in the trade with Africa and Southeast Asia. What is more, they were able to take advantage of tools of empire such as the telegraph and the steamship to extend their business connections to Africa, East Asia, and even South America after the late nineteenth century. These networks flourished as relations of trust could be built that were based on social ties within trading communities originating from a particular town or belonging to a particular caste. The working of these networks was facilitated by what Rajat Kanta Ray calls the 'bazaar economy', a highly efficient Asian banking system that allowed borrowing and bill transactions over long distances and that worked completely independently of the Western financial system.[43]

III

A social historical examination of global traders obviously cannot suffice by merely stating the existence of worldwide mercantile networks, but also has to study the cultural mechanisms by which they were stabilized. As a matter of fact, the mercantile elite that came into being as a result of long-distance trade was characterized by a distinct cosmopolitan attitude and a shared mercantile culture.[44] Differences in terms of geographical origin or ethnicity were not of major importance for its members; rather, they ranked other merchants according to their honesty, reliability, and willingness to provide assistance in

trade', *Business History*, 65 (2023), pp. 803–20, for the interaction of European and Asian businessmen in the age of empire.

[42] Claude Markovits, *The global world of Indian merchants, 1750–1947: traders of Sind from Bukhara to Panama* (Cambridge, 2000). See also Tirthankar Roy, 'Trading firms in colonial India', *Business History Review*, 88 (2014), pp. 9–42, for an overview of the history of Indian merchants in the colonial period.

[43] Ray, 'Asian capital in the age of European domination'. See also Marina Martin, 'Hundi/Hawala: the problem of definition', *Modern Asian Studies*, 43 (2009), pp. 909–37, on the history of the Asian credit system.

[44] Christof Dejung, 'Cosmopolitan capitalists and colonial rule: the business structure and corporate culture of the Swiss merchant house Volkart Bros., 1850s–1960s', *Modern Asian Studies*, 56 (2022), pp. 427–70.

times of economic turmoil. Such traits were arguably more important in global trade than in manufacturing, where the control of labour and relations with both customers and suppliers were crucial. In any case, the cultural features mentioned allowed for stable co-operation between businessmen from different parts of the world. When James Matheson, a partner in the Hong Kong trading giant Jardine, Matheson & Co., visited his business associate Jamsetjee Jeejeebhoy, who had made a fortune through his co-operation with the East India Company, in Bombay in 1842, the Indian merchants who were assembled in Jeejeebhoy's house praised Matheson for having been 'a firm friend of the merchants of Bombay through dangerous and difficult times' and for having generously provided advances at his 'own great risk and responsibility' that allowed the Bombay merchants to carry on trade in China, even after the British official Charles Elliot had confiscated opium with a value of £2 million which the Indians had wanted to sell in China three years earlier: 'We could not have conceived of such a plan and our ships would have remained outside with their cotton cargoes rotting and with them our fortunes.' Matheson answered that his services had been 'nothing more than what a commercial agent should do for his constituents' and returned the compliment:

> It was your liberal confidence in our firm when things did not always go perfectly that strengthened our hand as Agents. From our long experience of your style we are able to act as we did when Capt Elliot suspended British trade in 1839. I think you have over-rated the value of those services – we simply did for you what we would have done for ourselves. As the emergency was extraordinary, we adopted extraordinary remedies.[45]

Such co-operation across geographic borders is particularly remarkable in a colonial context, such as that of India after 1858, when the East India Company's remaining powers were transferred to the crown, and relations between Europeans and South Asians were increasingly affected by imperial racism. For instance, Indian businessmen were denied entry to bodies such as the Bengal, Madras, and Upper India chambers of commerce. And when G. D. Birla opened an office in London in 1917, he was allowed to become a member of the London Jute Association but was denied entry to the Commercial Sale Room and the Baltic Exchange, where the actual sales and purchases were conducted. He had to employ an English clerk to do business there, whereas Japanese merchants were allowed to act without any hindrance.[46]

Such discriminatory attitudes were, however, much less prevalent (if present at all) among the mercantile elite, for outright racism was often considered detrimental. In 1928, the Winterthur head office of Volkart Bros., then

[45] Lakshmi Subramanian, *Three merchants of Bombay: Trawadi Arjunji Nathji, Jamsetjee Jeejeebhoy and Premchand Roychand: doing business in times of change* (New Delhi, 2012), pp. 139–41.

[46] Rajat Kanta Ray, 'Introduction', in Rajat Kanta Ray, ed., *Entrepreneurship and industry in India, 1800–1947* (Oxford, 1992), p. 49.

one of the biggest trading houses in South Asia, urged the management of their Karachi branch to behave differently from the managers of European plantations on the subcontinent: 'We demand from our Europeans, namely those in executive positions, to renounce ignorant prejudices in regard to the relative value of the 2 races which are prevalent among planters among others.'[47] In the 1920s, the company owners regularly called on their European employees in India to remain paragons of virtuous conduct in their dealings with Indian merchants:

> When it comes to doing business with merchants, it goes without saying that their sympathy and devotion to the company can only be won and maintained with polite treatment, while contrary conduct will quickly be the ruin of it. Our most talented buyers and sellers in India owe their success to a great degree to the friendly and respectful treatment that they have shown their native clients, and particularly to consistently honest and fair trading.[48]

The continual references to cultural traits are even more astonishing when one considers the structural transformation of world trade after the 1860s. Through technological innovations such as telegraphic communication, railways, and steamships, economies of scale became increasingly important in global trade; in fact, the trading sector saw similar growth, as business historians have pointed out in relation to manufacturing.[49] Consequently, small and medium-sized exporters were pushed aside, while the more successful traders emerged as multinational firms with huge turnovers, and agencies appeared in both the producing areas of the Global South and the industrial districts of the Global North. Among them were large American trading conglomerates such as Anderson Clayton or Cargill; European firms such as Rothfos, Volkart, Louis Dreyfus, or E.D.F. Man; South American traders such as Bunge & Born; Euro-Asian firms such as Jardine Matheson; and Japanese *zaibatsu* such as Toyo Menkwa, Nippon Menkwa, or Gosho.[50]

Despite these structural changes, trading firms continued to interact with suppliers, creditors, and agents who acted as intermediaries in different parts of the world. To some degree, these interactions relied on the establishment of worldwide mercantile legislation after the mid-nineteenth century, in the form of international agreements, the regulations of hugely influential commodity exchanges, and Western trade law enacted in colonial dependencies. Such legislation was regularly utilized by both Western and

[47] Winterthur to Karachi, 30 Aug. 1928, Winterthur, Volkart Archives (VA), dossier 26: finance/ exchange 1887–1977, inland financing – shroffage agreements.

[48] VA, dossier 27: instruction manuals: 'Vorschriften für den Geschäftsbetrieb der indischen Filialen von Volkart Brothers' (n.d., approx. 1920–4).

[49] Alfred D. Chandler, *Scale and scope: the dynamics of industrial capitalism* (Cambridge, MA, and London, 2004; orig. edn 1990); Alfred D. Chandler and Bruce Mazlish, eds., *Leviathans: multinational corporations and the new global history* (Cambridge, MA, 2005).

[50] Jones, ed., *The multinational traders*; Geoffrey Jones, *Merchants to multinationals: British trading companies in the nineteenth and twentieth centuries* (Oxford, 2000).

non-Western merchants in case of commercial disagreement.[51] Yet, formal institutions were barely effective in economic hinterlands, while, in metropolitan emporia, their use could be very time-consuming and the outcome of legal disputes was often unpredictable. For this reason, merchant firms relied on cultural ties to foster business relations as far as possible (and do so to this day).

As these ties needed to be resilient in times of crisis, they had to be stabilized by companies demonstrating respectful behaviour and meeting obligations at all times. Volkart, for instance, kept close ties with Asian merchants well into the twentieth century. Indian merchants acted as brokers or bankers and thus performed tasks that were indispensable for the operations of the firm in South Asia. This was also the case in Shanghai, where Volkart had established a branch at the beginning of the twentieth century, in which the former comprador became a partner in 1924.[52] Other trading firms, among them many British companies, established similar brokerage or partnership arrangements with Asian merchants.[53] This co-operation relied on mutual trust and respect, as the account of a Swiss merchant reveals who had travelled to British India on behalf of Volkart Bros. in the 1870s. During his stay, he visited several branches of the firm on the subcontinent, among them the Karachi branch. In his reminiscences, he describes the Indian traders his firm dealt with in Karachi as 'a class of men who would be an ornament to any commercial community in and out of India. They were honest, straightforward and reliable in their dealings with others and cautious, nay conservative, as regards their own affairs.'[54] Similar praise for the reliability and the business acumen of Indian traders can be found in countless other Volkart records, as well as in those of other trading firms doing business on the subcontinent.

One way to stabilize business relations in long-distance trade relied on the fact that, well into the late twentieth century, most merchant houses were family firms.[55] Many scholars have explained the relatively large proportion of the trading sector taken up by family businesses through a new institutional economic approach. Accordingly, family ownership was able to reduce transaction costs at both the intra- and inter-organizational level. As Mark Casson has argued, family firms possessed a corporate structure particularly well suited to fields of business where information was sketchy, markets were volatile, and property rights were not always guaranteed – all of which were the case in

[51] Christof Dejung and Niels P. Petersson, eds., *Foundations of world-wide economic integration: power, institutions and global markets, 1850–1930* (New York, NY, 2013), provides an overview of the role of formal and informal institutions in world trade.

[52] See Dejung, *Commodity trading*, for the history of Volkart Bros.

[53] See, for instance, *Ralli Brothers' Calcutta handbook. Volume II: articles* (Calcutta, 1888), p. 26; and Arthur Cecil Pointon, *The Bombay Burman Trading Corporation Limited, 1863–1963* (London and Southampton, 1964), p. 5.

[54] August F. Ammann, *Reminiscences of an old V.B. partner, special number of the V.B. News, published by Volkart Brothers and devoted to the interests of their employees* (Winterthur, 1921), p. 59.

[55] Christof Dejung, 'Worldwide ties: the role of family businesses in global trade in the 19th and 20th century', *Business History*, 55 (2013), pp. 1001–18.

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global trade.[56] The advantage of family firms lay in the fact that they were associated with a particular group of people, which ensured continuity in trading relationships.[57] What is more, marriages were used either to establish or to stabilize business ties between different merchant houses. This was a regular practice among European and North American merchants well into the nineteenth century.[58] The same is true for Africa, Asia, and Latin America, where European traders frequently married women from the respective local trading elites.[59] Such intermarriages among trading families became less relevant in the nineteenth century, however. With the emergence of multinational trading firms, family capitalism became less important in the trading sector, as credit could be obtained by newly established merchant banks, and transactions were increasingly supervised by a professional management cadre instead of family members.[60] On the other hand, marriages between Western merchants and Asian or African women became less common in the nineteenth century as imperial racism became ever more pronounced.

Given the fundamental economic and political transformations that took place after the eighteenth century, the relative stability of the features of mercantile culture requires an explanation. There is reason to consider them as a *longue durée* trait of world trade. In any case, the relative ease with which Asian traders were able to integrate themselves into a European-dominated world economy and to co-operate with European traders effectively throughout the nineteenth and twentieth centuries should not astonish us. Such interactions were possible not least because Asian traders possessed skills such as double-entry bookkeeping and a distinct mercantile sense of honour which were very similar to those in Europe.[61] In fact, there is reason to believe that business techniques such as double-entry bookkeeping and bill transactions had been invented in Asia and the Middle East after the seventh century, and were only later adopted by Italian merchants who had come into contact with their Eastern counterparts in the Mediterranean after the thirteenth century.[62] It seems that the practices of the mercantile elite, whose activities

[56] Mark Casson, 'The family firm: an analysis of the dynastic motive', in Mark Casson, ed., *Enterprise and leadership: studies on firms, markets and networks* (Cheltenham and Northampton, MA, 2000), pp. 197–235.

[57] Harold James, *Family capitalism: Wendels, Haniels, Falcks, and the continental European model* (Cambridge, MA, 2006), pp. 5–6.

[58] Leonore Davidoff and Catherine Hall, *Family fortunes: men and women of the English middle class* (Chicago, IL, 1987).

[59] William Dalrymple, *White Mughals: love and betrayal in eighteenth-century India* (London, 2002); George E. Brooks, *Eurafricans in western Africa: commerce, social status, gender, and religious observance from the sixteenth to the eighteenth century* (Athens, OH, 2003); Douglas Catterall and Jodi Campbell, eds., *Women in port: gendering communities, economies, and social networks in Atlantic port cities, 1500–1800* (Leiden, 2012).

[60] The trading sector thus saw a similar development to that of industrial firms: Alfred D. Chandler, *The visible hand: the managerial revolution in American business* (Cambridge, MA, 2002; orig. edn 1977).

[61] This argument has been made most explicitly by Jack Goody, *The East in the West* (Cambridge, 1996).

[62] Jürgen Kocka, *Capitalism: a short history* (Princeton, NJ, 2016), pp. 25–53.

played a considerable part in the emergence of a world economy, can thus be traced back to economic networks originating in Asia rather than Europe.

What is more, the cosmopolitan attitude of many merchants reflects the fact that their businesses, in many cases, were not confined by either national or imperial borders. The case of Volkart Bros. is not only interesting because it is evidence of the fact that a non-British firm could become one of the leading exporters of raw cotton from British India, but also because its main customers were in continental European and East Asian spinning districts rather than in Great Britain.[63] With other products, too, the external economic ties of India were by no means confined to the empire. Only a fraction of exports from India went to Great Britain; likewise, only a fraction of imports were of British origin. Larger quantities of industrial products and goods like steel, iron, and raw oil came from Germany, Belgium, and the United States, while Indian yarn, rice, cotton, and jute were sold throughout East and Southeast Asia and continental Europe during the colonial period.[64] Given the importance of such transregional connections, Tirthankar Roy has urged historians to 'question the fixation with the colonial state' that characterizes most accounts of Indian economic history and to analyse in more detail the social and economic networks which shaped economic affairs on the subcontinent in the late nineteenth and early twentieth centuries and which often had a reach beyond the empire.[65] Similar arguments could be made for other world areas. This supports the claim that capitalism and imperialism were not necessarily congruent but constituted two distinct, yet inter-related, systems which often had a different spatial outline.

IV

As these examples reveal, the close-knit transnational economic community, responsible for establishing long-distance networks, was united, and clearly distinguished from other parts of society, by shared business interests and a common mercantile culture. Yet the community also related to their social environment in various ways. This first and foremost aspect involved industrialization: the concentration process that resulted in the emergence of multinational trading firms, mostly with headquarters in western Europe, the United States, or Japan, was a direct result of the increase in productivity and the acceleration of communications and transport after the industrial revolution. In addition, merchant houses were the liaison bodies that allowed

[63] This was mostly due to the lower quality of Indian cotton, which the British could not improve owing to their inability to control agriculture and credit in the Indian hinterland. See for this aspect, and in more detail, Christof Dejung, 'The boundaries of Western power: the colonial cotton economy in India and the problem of quality', in Dejung and Petersson, eds., *Foundations of world-wide economic integration*, pp. 133–57.

[64] Kaoru Sugihara, 'An introduction', in Kaoru Sugihara, ed., *Japan, China, and the growth of the Asian international economy, 1850–1949* (Oxford, 2005), pp. 1–19; Christina Lubinski, 'Global trade and Indian politics: the German dye business in India before 1947', *Business History Review*, 89 (2015), pp. 503–30; Dejung, *Commodity trading*.

[65] Tirthankar Roy, *The economic history of India* (Oxford, 2011), pp. 15–17.

the introduction of metropolitan capital into the rural peripheries of the Global South and were thus an important factor in the commodification of agriculture and what historians have described as the global enclosure after the 1870s.[66]

Another process which shaped business communities was the emergence of the bourgeois middle class as a distinct social group in different parts of the world after the beginning of the nineteenth century. The middle classes were a highly heterogeneous group which consisted of people as diverse as bankers, merchants, professionals, scholars, writers, and ship-owners. What united them was a specific bourgeois culture that was characterized by particular manners and social practices, as well as by certain norms, values, ideals, tastes, and a distinct gender order.[67] Even though the European middle classes became the point of reference for a bourgeois lifestyle, similar groups came into being in many different places – among them, India, China, the Middle East, sub-Saharan Africa, Latin America, and the United States – during the long nineteenth century.[68] The emergence of these middle classes was related both to the consolidation of empires and nation-states and to the emergence of a global capitalist economy, as they were the people who staffed bureaucracies and worked as officials, teachers, technicians, and accountants in state institutions and private companies.

In different parts of the world, the economic elites began to converge, moving towards the culture of this *Bildungsbürgertum*. From the beginning of the nineteenth century, merchant classes in many parts of the world tended to adopt the cultural canon of the educated bourgeoisie, which led to a rapprochement between them. Such a reorientation can be observed in various countries. In nineteenth-century western Europe, merchants and businessmen generally had a classical education and embraced the values and lifestyle of the educated middle classes.[69] Merchants in the colonial world often came to the conclusion that a Western education would be crucial for their offspring. For instance, the mercantile elite of Calcutta were the driving force behind the

[66] For this development, see the article by Eric Vanhaute and Claudia Bernardi in this issue.

[67] A cultural understanding of class was most prominently advocated by the Bielefeld research project 'Sozialgeschichte des neuzeitlichen Bürgertums'; see Jonathan Sperber, 'Bürger, Bürgertum, Bürgerlichkeit, Bürgerliche Gesellschaft: studies of the German (upper) middle class and its sociocultural world', *Journal of Modern History*, 69 (1997), pp. 271–97. On bourgeois culture, see Manfred Hettling and Stefan-Ludwig Hoffmann, eds., *Der bürgerliche Wertehimmel. Innenansichten des 19. Jahrhunderts* (Göttingen, 2000); Linda Young, *Middle-class culture in the nineteenth century* (New York, NY, 2003); and Jerrold Seigel, *Modernity and bourgeois life: society, politics, and culture in England, France, and Germany since 1750* (Cambridge, 2012).

[68] Christof Dejung, David Motadel, and Jürgen Osterhammel, eds., *The global bourgeoisie: the rise of the middle classes in the age of empire* (Princeton, NJ, 2019); and A. Ricardo López and Barbara Weinstein, eds., *The making of the middle class: toward a transnational history* (Durham, NC, 2012), provide evidence for a transnational history of the middle classes.

[69] Hartmut Berghoff and Roland Möller, 'Unternehmer in Deutschland und England 1870–1914: Aspekte eines kollektiv-biographischen Vergleichs', *Historische Zeitschrift*, 256 (1993), pp. 353–86. For a discussion on the mercantile elite in the eastern Mediterranean, see Athanasios Gekas, 'Class and cosmopolitanism: the historiographical fortunes of merchants in eastern Mediterranean ports', *Mediterranean Historical Review*, 25 (2009), pp. 95–114.

foundation of the Hindu College in 1817, which became the model for the foundation of similar institutions on the subcontinent – institutions that would become the cradles of the Indian middle class until the late nineteenth century.[70] A similar process happened in Persia, where the established bazaar economy, which had tended to distance itself from other parts of society, was transformed by the educational initiative installed by the state after the beginning of the twentieth century. Consequently, a new Western-educated middle class came into being that initially existed alongside the traditional mercantile elite, which had been centred on the bazaar and closely allied to the clergy. In the 1920s, however, many Iranian businessmen adopted a middle-class lifestyle, which led to the development of a modern business bourgeoisie; this was to some extent a link between the traditional mercantile elite and the modern middle class, as Houchang Chehabi points out.[71]

The fact that in areas as diverse as western Europe, India, and Persia economic elites were affected by social modernization to a similar extent may support the idea that they belonged to a commercial class that shared many similarities across the world. Yet, relations between *Wirtschaftsbürgertum* and *Bildungsbürgertum* differed in different regions of the world. It seems there was a wider gulf between the economic bourgeoisie and educated middle classes in the Americas than in western Europe owing to the absence of an aristocracy against whose dominance the bourgeois class had to further its socio-political claims.[72] In particular, in Latin America, members of the educated middle classes blamed the economic elite for the stagnation of Latin American societies because the economic elite had been incapable, or unwilling, to install reforms that would lead to social modernization according to the European model.[73] This may be evidence to support the idea that, despite numerous similarities, there were fundamental differences in the ways in which the economic bourgeoisie were embedded into wider society. What is more, the wealth of capitalists in both Latin America and the United States relied to a considerable degree on slave labour and forced labour respectively until the second part of the nineteenth century. They were thus arguably less dependent on social compromises with labour than societies in Europe and

[70] Kapil Raj, *Relocating modern science: circulation and the construction of knowledge in South Asia and Europe, 1650–1900* (New York, NY, 2007). Other authors, however, have emphasized the differences between the economic and educated middle classes in colonial India in terms of their different affiliations to the state; see, most importantly, Claude Markovits, *Merchants, traders, entrepreneurs: Indian business in the colonial era* (New York, NY, 2008), pp. 167–83.

[71] H. E. Chehabi, 'The rise of the middle class in Iran before the Second World War', in Dejung, Motadel, and Osterhammel, eds., *The global bourgeoisie*, pp. 43–63.

[72] For the United States, see Sven Beckert, *The monied metropolis: New York City and the consolidation of the American bourgeoisie, 1850–1896* (Cambridge, 2001); and Sven Beckert and Julia B. Rosenbaum, eds., *The American bourgeoisie: distinction and identity in the nineteenth century* (New York, NY, 2010). For Latin America, see David S. Parker and Louise E. Walker, eds., *Latin America's middle class: unsettled debates and new histories* (Lanham, MD, 2013).

[73] David Parker, 'Asymmetric globality and South American narratives of bourgeois failure', in Dejung, Motadel, and Osterhammel, eds., *The global bourgeoisie*, pp. 275–94.

South Asia, which might have led to a wider gap between the economic bourgeoisie and other social groups.

There is reason to believe that geographical conditions, the relation between capital and labour, and the position of particular regions in the global economy all shaped the ways in which various business elites related to the rest of society. C. A. Bayly argues that in India there had been an institutional equilibrium between the interests of mercantile elites and those of agricultural labour since the early Mughal period. In fact, the wealth of South Asian businessmen relied not least on the capacity of Indian agriculture to produce raw materials such as cotton, indigo, and spices for export.[74] On the other hand, businessmen had to take the concerns of the peasantry into account to a certain degree in order to make sure that they stayed in their fields. This interdependence, Bayly claims, could have been the reason for the high degree of involvement of Indian capitalists in social reform, for India's institutional development in the colonial period, and for the relatively high stability of Indian civil society and its democratic institutions after independence. What is more, the interrelation between capital and labour was arguably one of the bases of the economic expansion after the 1990s.

Bayly then compares the case of India to that of sub-Saharan Africa. Several Africanists have argued that the fact that Africa was relatively sparsely populated offered people the chance to migrate if they felt oppressed by their rulers.[75] This 'exit option' meant that a stable relationship between capital and labour on the one hand, and the state and its population on the other, arguably could not develop after African societies became ever more influenced by European power. Rulers therefore tended to establish gatekeeper states which linked foreign capital to African resources such as copper, ivory, rubber, and – most importantly between the sixteenth and nineteenth centuries – enslaved people. Even though Frederick Cooper rightly cautions against tracing back every aspect of African development to the slave trade (as Daran Acemoglu and James Robinson arguably have done[76]), there is certainly reason to interpret its economic structures as being a result of the specific role of particular world areas in that global economy as, in Cooper's words,

> No part of the world has had or can hope to have a self-contained existence, any more than markets function outside of the relationships out of which they were constructed. … To see an Africa, Asia, or Europe whose economic 'performance' can be compared with each other obscures …

[74] C. A. Bayly, 'Indigenous and colonial origins of comparative economic development: the case of colonial India and Africa', in C. A. Bayly, Vijayendra Rao, Simon Szreter, and Michael Woolcock, eds., *History, historians and development policy: a necessary dialogue* (Manchester, 2011), pp. 39–64.

[75] Megan Vaughan, 'Africa and the birth of the modern world', *Transactions of the Royal Historical Society*, 6th ser., 16 (2006), pp. 143–63; Gareth Austin, 'Resources and strategies south of the Sahara: long term dynamics of African economic development', paper presented to the African Studies Association, Washington, DC, 2005; Frederick Cooper, *Africa in the world: capitalism, empire, nation-state* (Cambridge, MA, 2014), pp. 11–37.

[76] Acemoglu and Robinson, *Why nations fail.*

> the historical mechanisms through which such entities were … constituted.[77]

The same is obviously true for the examination of the economic elites which established the mercantile ties through which the respective markets came into being.

V

To conclude, we can identify the various, and often astonishing, similarities among mercantile elites from different parts of the world, and their capacity for interaction. Yet, we also have to be aware of the many differences between them. One of the consequences of these differences – and the constant competition among the various companies across the world – was that they did not merge into a global bourgeoisie in terms of a social group with a distinct class consciousness. Rather, this mercantile elite can be interpreted as having been part of a class-in-itself – in the understanding of Marx – since the beginning of the nineteenth century. It has only been since the 1970s that this social group has established a transnational class consciousness and thus become a class-for-itself, as William Robinson and Jerry Harris maintain. This has largely been the consequence of economic deregulation and the emergence of a truly cosmopolitan managerial caste within globally operating companies in the last few decades. Robinson and Harris challenge the orthodox view according to which classes develop primarily in a national context (and only secure internationalist ties afterwards), claiming that an increasingly globalized capitalism requires a transnational capitalist class of politicians, bureaucrats, businessmen, and professionals. Whereas a globally active bourgeoisie certainly emerged in the nineteenth century, it was only after the appearance of multinational business corporations that a transnational capitalist class as 'a global ruling class' could develop.[78]

Interestingly, although Robinson and Harris acknowledge that the emergence of a transnational proletariat is a reality, they claim that, in contrast to the global bourgeoisie, the working class failed to build a class consciousness that crossed national borders and thus could not become a class-for-itself in relation to the global economy. The reason for this failure arguably comes from the fact that the global workforce is much more heterogeneous and less likely to interact on a personal level than the highly mobile economic elite; moreover, workers from different world areas often compete with each other for the same jobs. If this interpretation is correct, it might explain the increasing gulf between the one per cent of the super-rich and the rest of society that has developed since the late twentieth century.[79] In any case, the

[77] Cooper, *Africa in the world*, p. 36.

[78] William I. Robinson and Jerry Harris, 'Towards a global ruling class? Globalization and the transnational capitalist class', *Science and Society*, 64 (2000), pp. 11–54.

[79] Thomas Piketty, *Capital in the twenty-first century* (Cambridge, MA, 2014), is certainly the most pronounced analysis of the impact of capitalism on today's societies. In terms of global social history, the argument of Joel Kotkin is interesting: that the current development of capitalism might

examination of social relations such as those between capitalists and global labour requires a distinct approach, such as that of global social history. Global social history may offer a trajectory to bring research initiatives such as global labour history, the history of transnational business networks, area studies, and imperial history into closer contact.

If the examination of these economic elites becomes part of global social history, the relation between capitalists and the rest of society needs further examination. If we follow the suggestion of Sebastian Conrad, according to which the originality of global history lies in the examination of structural transformation within a global scope, the microhistory of particular merchant houses and business networks needs to be integrated into a structural analysis.[80] For this reason, it might be expedient to link the history of business networks more explicitly to functionalist approaches, such as world-system analysis, dependency theory, or the varieties-of-capitalism approach, in order to establish typologies of mercantile networks across time and space.[81] It will be one of the challenges of global social history, however, to reinterpret the over-complex, functionalist, and inherently Eurocentric macro-sociological approaches, such as those of Wallerstein and others, and to investigate whether, and how, they can pay attention to the particularities of specific world areas in combination with culturalist approaches such as postcolonial theory.

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undo certain social structures that came into being over the past two centuries, most notably the establishment of the middle classes, resulting in the emergence of neo-feudalist structures. Joel Kotkin, *The coming of neo-feudalism: a warning for the global middle class* (New York, NY, 2020).

80 Sebastian Conrad, *What is global history?* (Princeton, NJ, 2016), p. 62.

81 Wallerstein, *The modern world-system*; Fernando H. Cardoso and Enzo Faletto, *Dependency and development in Latin America* (Berkeley, CA, 1979); Peter A. Hall and David Soskice, *Varieties of capitalism: the institutional foundations of comparative advantage* (Oxford, 2001).

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