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Rethinking Capitalism beyond Markets

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Capitalism is a system embedded in politics, power, and nature, shaped by evolving state forms rather than markets alone. 'Capitalism: A Global History' argues that the system's historical adaptability is key to understanding its post-neoliberal future.

In the early pages of Sven Beckert's *Capitalism: A Global History* is a quote by Jawaharlal Nehru, "The old idea of writing a history of any one country has become progressively out of date." Beckert agrees, and his 1,344 page book, as the title indicates, is an attempt to write a global history of a system that almost completely shapes our contemporary world.

Beckert argues that capitalism is not synonymous with markets, which predate capitalism and have never defined it in its totality.

Beckert's book is unusual in many respects. To begin with, the history of capitalism is primarily seen as a European and, eventually, North American story. Social scientific work, across different ideological inclinations, has tended to universalise the European experience. Modernisation theory, for example, argues that capitalism leads invariably to liberal democratic state forms.

Certain dogmatic kinds of Marxism tend to view society as progressing in a linear manner. However, at the other extreme, a complete rejection of universals offers no basis for comparing the developments of different societies.

As Beckert writes in his introduction, the need for a new history is partly a response to the remarkable changes we have witnessed in the past several decades. We are witnessing the economic and political modernisation of a large part of the world at an unprecedented pace. This is happening at a time when our world is more closely linked than ever before.

Capitalism itself is a word that only came into use, Beckert informs us, in the mid 19th century. While it escapes easy definition, he defines it as a "global process in which economic life is fundamentally driven by the ceaseless accumulation of privately controlled capital, is structured by the state, and propels the ever expanding commodification of inputs and outputs".

However, the book does not attempt to look at capitalism primarily as an economic system, but rather as "embedded in politics, nature, the distribution of social power, and cultures and institutions". A recurring theme in the book is the importance of the state to capitalism.

Beckert argues that capitalism is not synonymous with markets, which predate capitalism and have never defined it in its totality. The evolution of state forms is very closely interlinked with and essential to the development of capitalism itself.

There are two classical theorists that Beckert refers to as most notable in their study of capitalism-Adam Smith and Karl Marx. Indeed, much of Beckert's writing points to a strong influence of Marx although he avoids direct engagement with classical Marxist concepts or debates. He cites French historian Fernand Braudel, famous for the three-volume work *Civilization and Capitalism, 15th-18th Century* and the concept of the *longue duree*, as his most important inspiration.

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The central idea in his work is that everyday slow-moving practices can structure the change of a system along with the rapid revolutionary changes. As Stephen Jay Gould termed it in the biological context, evolution proceeds through what he called punctuated equilibria, in which long periods of small change are interrupted by brief, rapid bursts of transformation.

To capture these different time scales, Beckert relies on a variety of sources for his work, including archival material and ethnographic study. The book references a vast amount of primary and secondary material, and the notes themselves occupy more than 150 pages. Beckert is co-chair of the "Program on the Study of Capitalism" at Harvard University.

Origins of Capitalism

The book's starting point in space and time is unusual and somewhat arbitrary—the Yemeni port of Aden in the year 1150. Beckert describes the strong trade routes that were built between different parts of the world in the early years of the second millennium. Merchants appear as important protagonists in this history. Cities like Baghdad, Bukhara, Samarkand, and Cairo appear as important nodes of capital, as do Indian cities such as Kozhikode and Surat.

Beckert terms the merchants in these cities as the first capitalists who were establishing nodes of capital and connecting them slowly through trade routes. However, they tended to have limited political power and were dependent on producers whose production was organised primarily for local needs, rather than for a global economy.

The relationship of these merchants to the state and rulers differed around the world and was often fraught. However, Beckert argues that these nodes of capital and their linkages set the preconditions for the emergence of capitalism and, in this sense, capitalism was global from its very origin.

Beckert relies primarily on secondary material for this work and none of these claims are particularly new. There has been a vast amount of work done by world systems theorists, including Immanuel Wallerstein, Janet Abu-Lughod, and others like Jairus Banaji and Irfan Habib, all of whom are referenced. He manages to summarise this vast literature in an accessible language, and the writing in the book is clear and very readable.

Europe appears as a marginal actor in this period and it was the defeat of the Byzantines by the Ottomans in 1453 that led to a search for alternative trade routes and the arrival of European ships in America. Beckert argues that it was the comparative weakness of the European state that allowed European merchants to gain a comparatively dominant position in the state apparatus.

Indeed, the early phase of the spread of this capitalist logic involved so much violence, including the genocide in America and the trans-Atlantic slave trade, that Beckert gives it a name—war capitalism.

Beckert describes the creation of new "islands of capital" by European merchants, including Cape Verde, an uninhabited set of islands off the coast of West Africa. A "plantation complex" was built in Cape Verde, in many ways setting a historical precedent for the kinds of plantations that were to eventually dominate large parts of the world. These islands of capital were important, argues Beckert, because they allowed the uninhibited use of the logic of capital to operate.

Another example of such an island of capital that Beckert gives is the town of Potosi in present day Bolivia, high in the Andes mountains. It became famous as a silver-mining town and, by around 1600, was one of the largest cities in the world.

As Beckert describes it, "One hundred and sixty thousand Andean, African, and European inhabitants laboured in what has been called the "first city of capitalism," mining huge quantities of silver that made the city's market so opulent that it offered costly sugar, spices, and wine, despite the difficulty of transporting them twelve thousand feet above sea level. Potosí soon saw a kind of premature flowering of a capitalist society, in which everything that was produced or consumed was exchanged on markets." All of this silver was used to buy Asian goods and "more than one-third of all silver mined in Latin America ended up in Asia".

Indeed, the early phase of the spread of this capitalist logic involved so much violence, including the genocide in America and the trans-Atlantic slave trade, that Beckert gives it a name—war capitalism. He argues that it was made possible by the alliance between merchants and the state in Europe.

Beckert therefore does not see the rise of Europe and the special place it achieved within the world capitalist system as having any monocausal explanation. Rather, it is explained by a multiplicity of causes in a complex system and the particular position that Europe managed to achieve in an interlinked world economy.

Another island of capital that Beckert spends time on is the island of Barbados. The logic of capital started totally dominating Barbados as a whole. As Beckert argues, slavery was a commodified labour form that was literally essential to the development of capitalism.

For Beckert ... slavery was not part of the prehistory of capitalism but central to its formation. It allowed Europe to take a "Great Leap Forward".

He writes, "Modern scholars have confirmed the insights that Caribbean and African American intellectuals such as Eric Williams, Walter Rodney, C.L.R. James, W.E.B. Du Bois, Aimé Césaire, and Anton de Kom offered nearly a century ago." Beckert is clear that it was not freedom that marked the origin of capitalism but slavery. Marx had discussed this as the "primitive accumulation" of capital.

For Beckert, however, slavery was not part of the prehistory of capitalism but central to its formation. It allowed Europe to take a "Great Leap Forward". Beckert discusses this as a complex feedback loop, involving slavery, rising industry, and new state forms superimposed on pre-existing global trade networks.

To take an example from later in the history of capitalism, much is made of the Manchester mills and their role in the industrial revolution. The study of the working class in early British industry is seen as foundational to understand the working class itself.

As Beckert writes, if there were 17,771 wage workers in the textile industry in Manchester in 1851, there were "76,337 enslaved workers in the Mississippi Delta who grew cotton for those mills". Similarly, if there were a million workers in European textiles and coal manufacture, there were 2.5 million enslaved workers producing cotton, sugar, and coffee.

The slave trade was all important for Europe economically and Beckert substantiates this with several statistical facts. To quote an example in the book, the British government had to borrow an amount equal to 40% of its entire budget to compensate slave owners in 1835 after slavery was abolished in the British Empire. Countries that were seemingly at the periphery of European capitalism, like Switzerland, were also heavily involved in the slave trade.

The abolition of slavery was driven in large part by repeated slave rebellions, and Beckert highlights the Haitian Revolution of 1791-1804 as especially important for the transformation of capitalism. He links it to the sharp increase in cotton production in the US, as the revolution in Haiti disrupted global supplies and opened space for the US to become the main supplier of raw cotton to world markets. Over time, this led to the expansion of the indentured labour system in Asia.

Transformation of Capitalism

By the mid-19th century, Beckert argues, a distinct capitalist civilisation had emerged. However, this new order also produced unprecedented global hierarchies, which in turn led to fierce rebellions. These uprisings occurred in many parts of the world, including slave revolts in Cuba and Brazil, peasant rebellions in India, Java and Mexico, workers uprisings in Europe and the U.S. civil war. Taken together, these struggles played an important role in shaping the forms of capitalism that we see around us today.

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Beckert spends some time on the bourgeois revolutions in Europe in 1848, such as in France and Germany. He describes the social networks that the bourgeoisie created and shows how important they were in helping this class gain political power.

The bourgeoisie sought to transform capitalism, wrest power from the old landed aristocracy, and establish the nation-state. In many ways, the US Civil War served as a microcosm of the broader global changes that Beckert describes, especially the reorganisation of political economies and class and race relations in a world increasingly shaped by industrial capitalism.

At the same time, industrial workers rebelled against the abominable conditions created by capitalist industry. These rebellions coincided with the great economic crisis of the 1870s and the ensuing Long Depression. Together, these many rebellions in the midst of crisis pushed capitalism through a far-reaching transformation.

"The capitalism of 1900," Beckert writes, "would be almost unrecognizable to the generation of the mid-19th century, but broadly speaking, it would be recognizable to us today." The bourgeois architects of this reconstruction included figures such as Carl Röchling, Andrew Carnegie, and Henry Ford.

The changes in capitalism led to a huge increase in output and the shift to heavy industries like steel, coal, and so on. These heavy industries led to new forms of organisation of factories, the integration of different kinds of industries, and new forms of management. It depended on efficient means of transportation and specialised knowledge.

Commodity chains were created and monopolised by businesses. The corporation emerged where capital owners were distinguished from management. New social institutions, including private schools and universities, became the hub of a new national elite. Beckert argues

that "the bourgeoisie expanded to include professionals like lawyers, engineers, managers etc." Harvard Business school, for example, was founded in 1908.

Overall, Beckert endorses the view that anti-colonial movements created new nodes of capital and tried to reshape the global economy on terms more favourable to postcolonial states.

Finally, the increased need for capital led to large banks and industries working together and finance became increasingly important. All of this concurrently led to industrialists achieving greater political importance. This is also the time when Europe and America established a completely dominant position in the global economy.

Beckert identifies two major challenges to this new industrial capitalism-the Russian Revolution and the anti-colonial struggles. He presents India as the paradigmatic example of an anti-colonial struggle.

In this context, he discusses the Bombay Plan of 1944-45 and the early enthusiasm that independent India would develop into an industrialized nation. Beckert also considers the experiences of Egypt, Nigeria, and Senegal, though these comparative discussions are relatively brief.

Overall, Beckert supports arguments that anti-colonialism led to the emergence of new nodes of capital and tried to reshape the global economy into a New International Economic Order, that is, a different set of global economic rules that would benefit the people of the newly independent states.

Future of Capitalism

The counterrevolution to decolonisation was led by a group of intellectuals known as the neoliberals. Interestingly, Beckert argues that neoliberalism was more concerned about decolonisation than about the cold war and sought to create an international economic system that would push the newly independent nations into a permanently subservient position. Basically, he describes neoliberalism as a counter-revolution against decolonisation.

Therefore, he views the assassination of Salvador Allende and the restructuring of Chile as a foundational moment for neoliberalism rather than, say, the breaking of the air traffic controllers' strike by Ronald Reagan in 1981. This is an interesting argument and quite relevant to South Asia which saw significant upheaval in that period. Beckert believes that the recent growth of China has been possible precisely because it did not conform to the neoliberal remaking of capitalism.

A substantial proportion of the population of India and the world have only seen this neoliberal period of capitalism, a time in which the logic of capitalism seemingly pervades every aspect of human existence. However, simultaneously, they are also living in a period that has seen some of the greatest failures of this particular form of capitalism, starting from the financial crisis of 2008.

"The story of capitalism," writes Beckert, "is often made from its margins, not its centres."

Deep global hierarchies continue and have led to different kinds of rebellion in the past few years. The age of neoliberal capitalism is already over. It is not clear what will come next, but knowing the history of capitalism is important to understanding this future. Beckert argues that capitalism is characterised by its flexibility and non-dogmatism, and thus will likely be able to adapt to this future.

Beckert's book is very ambitious and one wonders if it properly requires a multi-volume study. There are surely many aspects of his argument that will invite criticism. His emphasis on the global nature of capitalism sometimes joins together very different world events in a common narrative without necessarily establishing a logical link between them. At a certain level, the American Civil War is connected to the 1857 rebellion in India and the Meiji restoration, but it will take more work to establish what these connections were.

At certain points, the book becomes somewhat repetitive as Beckert works to fit a wide range of historical facts into his overarching narrative. There is also a tension at the heart of this narrative-it is concerned with the history of an economic system that, he argues, eventually structures all aspects of our society. As a result, the book never fully escapes an economic bent. It is hard to grasp the historical importance of the dynamics of racism or of anti-colonial struggles solely from the standpoint of the economic transformation of the capitalist system, even though both are surely central to that transformation.

Although Beckert's emphasis on slavery is unusual and important, and takes up a large part of the book, he only mentions-and does not substantially engage with-any of the aforementioned writers on capitalism and slavery. In particular, his research reflects the importance of W.E.B. Du Bois and his *Black Reconstruction in America*, first published in 1935, for an understanding of capitalism.

As Beckert notes at the very beginning, the study of capitalism has traditionally produced sharply opposed ideological sides. He argues that this "has severely compromised our understanding of capitalism". While it is doubt true that much writing on capitalism, especially in academic work, is dogmatic, it is also true that the epistemological assumptions involved in studying a system that structures human existence can not afford to be neutral.

Nevertheless, Beckert's book will be of interest to both those who wish to save capitalism and those who wish to change it. It presents a large amount of scholarship and several arguments that will challenge those who wish to imagine a different future for our present world system. "The story of capitalism," writes Beckert, "is often made from its margins, not its centres."

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