

# Capitalism Is Not a “Free Labor” System

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Review of Andrew B. Liu, *Tea War: A History of Capitalism in China and India* (Yale University Press, 2020).

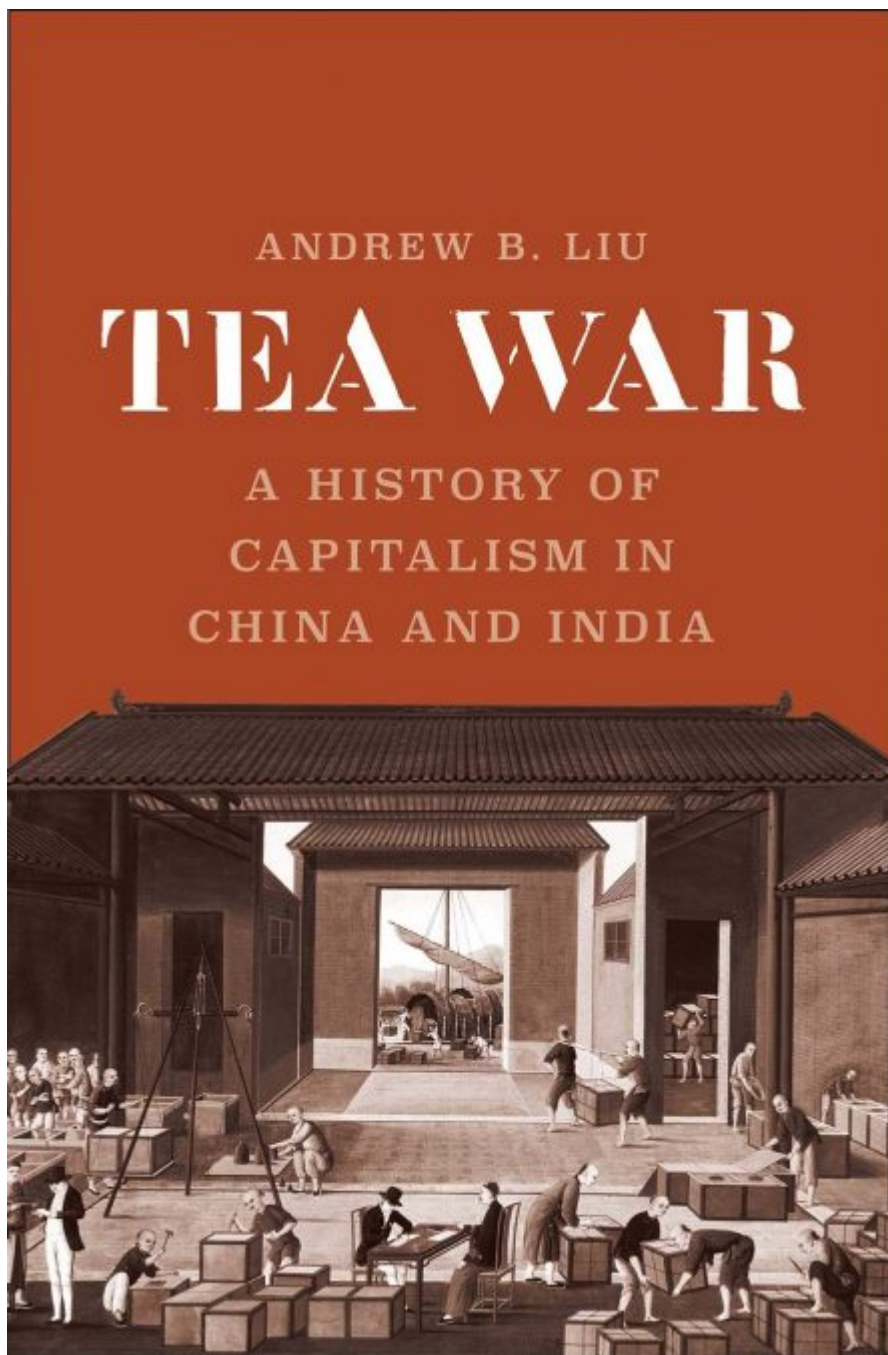
Though it has often been said that the conventional understanding of the history of capitalism is Eurocentric, few have attempted to seriously rewrite that history from a non-Eurocentric perspective. In telling the story of the nineteenth- and early-twentieth-century global tea trade, historian Andrew B. Liu rises to this challenge with *Tea War: A History of Capitalism in China and India*. Examining the intense capitalist competition between the tea production districts of Qing China and colonial India, he shows how that rivalry shaped economic relations, everyday lives, and the ways in which intellectuals in the two societies made sense of national development and political economy.

Beyond its depiction of China and India's very early absorption into the dynamics of global capitalism, Liu's account also shows how a sensitivity to the way the Global South historically experienced capitalism pushes us to rethink what capitalism essentially is. This revised understanding of capitalism holds important implications as we struggle to conceive of socialism as a political project on a global scale today.

## Global Capitalism as Competitive Accumulation



By the nineteenth century, the global tea trade had become the prototype of a highly integrated market worldwide, featuring not only a gigantic volume of commodity exchange but also fierce competition between different tea-producing regions. Among these regions, the tea countries of Huizhou and the Wuyi Mountains in China, and Assam, India, emerged as the major competitors. Not only were they objectively bound to compete with each other by the structure of the global market, they also explicitly viewed each other as rivals. Assam was converted to tea production in the mid-nineteenth century with the explicit goal of overtaking China's position in the tea trade. Technicians and laborers were brought in from China to help set up tea production there. Similarly, China's Qing court sent delegations to study India's tea production methods in the early twentieth century.



*Tea War: A History of Capitalism in China and India*, by Andrew B. Liu.

A striking reversal of fortune took place during this period. Whereas around the mid-nineteenth century China was far ahead of India in terms of its share of the global tea market, in the late nineteenth century, India came to dominate China. Most contemporaries explained this shift as being due to “superior” natural conditions in Assam or the introduction of advanced technology there. Liu repudiates these interpretations, instead focusing on how competitive pressures compelled capitalist actors — Chinese tea merchants and owners of Indian tea plantations — to reorganize the management of *labor* in search of lower cost and higher productivity.

Key players in both the Chinese and Indian tea industries recognized that, in order to maintain competitiveness, they had to increase the productivity of labor. However, for decades this imperative did not lead, as suggested by the classical Marxist formulations, to the introduction of labor-saving machinery. Instead, novel ways were devised to procure labor as cheaply as possible and make laborers work as hard as possible. These new methods creatively built upon “premodern” customs to develop highly coercive labor relations that diverged sharply from the typical form of wage labor hailed as the hallmark of modern capitalism.

Chinese tea merchants, who initially specialized only in guild-based trade with overseas companies, were compelled by global competition to intervene in production to an ever greater extent. In the Huizhou region, merchants set up thousands of factories centralizing the processing and refinement of tea leaves. In the Wuyi Mountains, they took up the task of organizing the cultivation and plucking of tea. These seasonal factories employed a massive migrant workforce, most of which were recruited through a complex, multilayered subcontracting system.

These factories enabled Chinese merchants to “rationalize the roasting, rolling and sifting of teas.” More specifically, they “measured the amount of time needed for each task, designed instructions to minimize wasted activity, and used a piece-wage system to provide employees with incentives to work as hard as their bodies allowed.” What is fascinating in Liu’s account, however, is that the devices used by these pioneers of “time-study” methods did not look modern at all. The Huizhou merchants accomplished meticulous measurement and regulation of laborers’ time use through a millennia-old device: incense sticks that burned at a regular rate. In the Wuyi Mountains, on the other hand, overseers regulated how laborers should spend their time through a set of local rituals and mythologies centered around the mountain god, which “struck observers as primitive and superstitious, ‘inherited’ from earlier modes of economic life.”

"Examining the intense capitalist competition between the tea production districts of Qing China and colonial India, Liu shows how that rivalry shaped economic relations." In Assam, India, the colonial government held fast to the ideal of “free” wage labor when the initial tea experiments began. However, wage labor failed to attract enough laborers to work at the tea plantations, let alone extract satisfactory work performance, and led to several crises. From the 1860s on, the tea plantations, which were mostly owned by British capital, successfully pushed the colonial officials to devise an extremely coercive system of labor indenture and penal contract employment reminiscent of African chattel slavery. This system “featured the restriction of worker movement, constant surveillance,

and wages fixed by law rather than by the market.” Workers would be subject to criminal prosecutions if they tried to abandon employment. Such legal bondage gave the managers of tea plantations wide latitude to punish workers as they please.

Therefore, one could perhaps argue that colonial India overtook China to become the world’s leading tea exporter in the late nineteenth century not due to geographic or technological advantages, but because Assam’s tea plantations managed to cheaply extract a greater amount of labor through more violent and brutal methods. Faced with the imperative to compete in the global marketplace by producing commodities at lower cost and in greater quantity, capital appropriated various elements of “traditional” social and economic lives to develop systems of intensified labor control that looked quite premodern and un-capitalist, instead of converging on the wage labor model. This calls into mind Leon Trotsky’s notion of “uneven and combined development” and Rosa Luxemburg’s insight that capitalism as a global system of accumulation requires a *diversity* of production relations in order to survive.

This way of making sense of capitalism is somewhat different from the more conventional understanding of capitalism as a particular system of production relations, as articulated by the scholars engaged in the “transition to capitalism” debate. In a way, Liu shows why, for many societies outside Western Europe, it might not make much sense to define capitalism as a specific kind of production relations and ask if a given society managed to “transition” to capitalism. Instead, the more illuminating questions to ask concern whether and how a society was brought into the orbit of worldwide competitive capital accumulation.

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Underlying this shift in perspective is the observation that, as the global marketplace became more integrated *and competitive*, the competing capitals were compelled to rearrange activities of commodity production and intensify labor extraction *in diverse ways*, utilizing whatever means available to them in their respective social contexts — this is seen most clearly when we adopt a non-Eurocentric lens to examine the history of capitalism. Liu’s “more dynamic and flexible” conception of capitalism resonates with the thinking of world-systems analysts such as Immanuel Wallerstein. But Liu shows more clearly than the world-systems analysts have that capitalism as a world system had, from the very beginning, wrought competitive pressures that dramatically reorganized production relations in the “peripheral” countries as much as those in the “core” countries — albeit always in diverging ways.

Of course, seemingly “un-capitalist” or “precapitalist” production relations were also prevalent throughout the history of capitalism in the North Atlantic world, as evidenced by the rampant use of “master and servant” laws in Britain and the highly profitable institution of slavery in the United States. If we follow the classic definition of capitalism only as a particular kind of production relations, these phenomena seem odd, and their importance for the very existence of capitalism is obscured.

However, if we see capitalism as competitive accumulation “by whatever means” on a global scale, as Liu advises us to do, we are then able to appreciate how the seemingly “un-capitalist” or “precapitalist” production relations are everywhere part and parcel of capitalism itself. A non-Eurocentric examination thus not only provides a more insightful description of how capitalism unfolded in the Global South, but also leads to an alternative understanding of the *general* dynamics of capitalism that more accurately accounts for the North Atlantic experience as well.

## The Non-Eurocentric Making of Eurocentrism

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Liu’s book is economic and intellectual history in one. He shows that, whereas Qing China and colonial India’s experiences with nineteenth-century global capitalism differed significantly from the conventionally rendered European experience, in the late nineteenth and early twentieth centuries, it was nationalist thinkers in China and India who themselves adopted key tenets of “classical political economy,” a thoroughly European intellectual enterprise, to characterize their countries’ experiences as backward and premodern.

Liu explains this somewhat paradoxical intellectual development using a distinct materialist approach to intellectual history. His approach is not centered on conventional questions such as whether ideas accurately described reality (they, of course, did not) or what material interests ideas represented. Instead, he asks what social and economic changes were happening that made this ostensibly foreign and abstract set of ideas associated with “classical political economy” resonate with Chinese and Indian nationalists.



A remote tea garden in the Wuyi Mountains in 2015. (rheins / Wikimedia Commons)

This point is illustrated, for example, through the story of how the anti-indenture campaign grew as an intellectual and political movement among Indian nationalists at the turn of the century. In the mid-nineteenth century, after the initial failure of Assam’s tea

experiments, British colonial thinkers started to argue that Indian workers were too uncivilized to make wage labor work. Labor indenture was thus justified as a way to force Indian labor to conform to the ideal of a free wage worker. Toward the end of the century, however, Indian nationalist critics “challenged the unfreedom of indenture on the grounds that ‘free labor’ was a modern and natural way of organizing society.” For them, labor indenture on Assam’s tea plantations had become anachronistic because tea workers “*had already*, in fact, matured into capitalist subjects who were ready to sell their bodily labor as their only capital.”

The irony, therefore, is that the nationalist anti-indenture campaign was underwritten by the Eurocentric notion — fundamental to classical political-economic thought — that “free” wage labor was a natural manifestation of modern capitalism, whereas “unfree” labor indexed backwardness (despite the fact that it was exactly “unfree” labor that had made capital accumulation so spectacular in Assam). Thus, modernizing India meant advancing “free” wage labor.

However, Indian nationalists’ embrace of this Eurocentric notion, Liu argues, was not a result of their ignorance. Instead, the conception of wage labor as a natural order of things and a hallmark of freedom and modernity appeared increasingly plausible to them because of a *material* transformation wrought by global capitalism. Over the second half of the nineteenth century, accumulation-oriented commodity production, such as the tea plantations, had so thoroughly impoverished the peasantry that peasants were compelled to seek outside hired work in an apparently “spontaneous” manner. It was this apparent spontaneity that led Indian nationalists to view the “free” buying and selling of labor as natural and modern.

Whereas Indian nationalists equated wage labor with freedom and modernity, nationalist economic thinkers in China came to espouse another key tenet of classical European political-economic thought: the distinction between “productive” and “unproductive” activity based on a labor theory of value. This intellectual development was rooted in Chinese nationalists’ endeavor to make sense of why China lost its dominant position in the global tea trade to India in the late nineteenth century. “The pressures of capitalist competition, with its unrelenting emphasis on production,” created the material condition for these nationalist thinkers to recognize as plausible the notion that labor at the point of production, rather than commerce and exchange, was the source of value and wealth.

In the early twentieth century, the notion of “labor=value” gained wider purchase in China and led to a sharp demarcation between “productive” industrial capital, which was supposed to constantly reorganize the production process and introduce new technology so as to boost labor productivity, and “unproductive” merchant capital. Whereas the former was celebrated as the protagonist of modern capitalism and national development, the latter was denounced as parasitic “comprador” that had been holding back economic development. The irony here is that it was precisely tea merchants who had been extensively intervening in the production process for the purpose of capital accumulation in the nineteenth century, thus blurring the presumptive boundary between “productive” and “unproductive” capital. This vanguard of Chinese capitalism, paradoxically, was now seen by the nationalists as the very essence of China’s economic backwardness.

"Liu's analysis enables us to detect the entanglements between anti-imperial nationalism and capitalism in the Global South."

In sum, both Indian and Chinese nationalist thinkers adopted classical European political-economic thought, which equates modernity with wage labor and industrial capital, to make sense of their societies' economic history as one of backwardness, as compared to the European benchmark. Yet the things these thinkers identified as foundational to this backwardness ("unfree" labor indenture in India and "unproductive" comprador capital in China) were, in fact, the very factors that had been enabling dynamic capital accumulation. This conceptual misrecognition, as Liu shows, has material roots. The objective reality of global capitalist competition made classical European political-economic thought appear plausible, and provided Indian and Chinese nationalists with the impetus to embrace this foreign intellectual framework.

One could therefore argue that Eurocentrism, as an intellectual and ideological framework, was not simply imposed by European actors on other societies. In fact, thinkers in non-European societies — more specifically, *nationalist* ones — had a great deal to do with the entrenching of Eurocentrism. In other words, Liu's work shows why we cannot fully understand the making of Eurocentrism without adopting a non-Eurocentric lens. This lens allows us to recognize Eurocentrism as a *global* project, into which global capitalism drew both European and non-European actors.

More generally, Liu's analysis enables us to detect the entanglements between anti-imperial nationalism and capitalism in the Global South. Many anti-imperial nationalists, such as those who appeared in Liu's story, recognized that their own societies' experiences with capitalism significantly deviated from the supposedly universal model of capitalism, based on wage labor and modern industry, propagated by European intellectuals. They not only saw this deviation as a crucial source of economic backwardness, but they also attributed it to the dominating influence of foreign actors or domestic actors closely connected to foreign ones, such as British capitalists who owned Assam's tea plantations and Chinese tea merchants trading with overseas companies. For these nationalists, national development would result from following the "authentically" capitalist path, and this could only be done by getting rid of foreign influences and gaining national independence. In the end, Indian and Chinese nationalists failed to realize their visions, but Liu's work tells us why the dynamic of global capitalism, and its specific manifestations in India and China, made the nationalist-capitalist vision so appealing.

## **Class Struggle for Global Socialism**

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Liu's failure to incorporate the details of class formation and class struggle into this rewriting of the history of capitalism stands as a critical limitation of the book. His narrative raises a series of important questions — how did preexisting class relations enable and constrain capital to reorganize production relations? How did the reorganized production relations mold class identities, change class capacities, and provoke new struggles? — only to sideline or ignore them. In marginalizing these questions, Liu narrates a history of capitalism without class.

On the other hand, even though Liu fails to take on a class analysis himself, the revised understanding of capitalism highlighted by Liu inspires us to see class struggle in new ways, particularly in relation to socialism as a global political project. Even today, despite the seemingly predominant wage labor model, capitalism as a global system of competitive accumulation is everywhere still giving rise to a *diversity* of production relations, just as it did in the nineteenth century. This means we cannot impose a unified framework of class analysis on all social contexts. Concepts such as “the working class” and “the proletariat” are bound to mean different things in different places. Correspondingly, working-class struggles for socialism are bound to look different in different places, with different class coalitions and compositions.

The challenge we will have to face, therefore, is how to connect and bridge these diverse working-class struggles around the world into a global movement. We will have to reckon with the fact that the specific forms of the struggles are bound to look different everywhere. But, ultimately, we are all fighting for the same goal.