Commodity Chains and Gentlemanly Capitalism: A Study of the Service Sector in the British Empire, 1688-1850

Madeleine Geibel

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I. Introduction

For centuries economists have been preoccupied with the growth of nations, a subject that affects, in major ways, the well-being of billions of people across the globe.¹ From a historical perspective the Industrial Revolution in England which marked the beginning of ‘sustained’ industrial growth is of central importance. Yet, the emergence of post-industrial societies, the problem of deindustrialisation and the development prospects in the Global South, recently led to a questioning of a growth oriented historiography which tends to equate development with industrialisation.² Cain and Hopkins’s study of British imperialism hereby provides a substantial contribution. Emphasising the non-industrial forms of capitalist enterprise, particularly those in finance and commercial services, in the economic development of Britain and its Empire, their analysis runs against traditional conceptions of the Industrial Revolution. While they acknowledge that the process of industrialisation is central to modern British history, they argue that the service sector has not received the historical recognition that it deserves. In their account of British economic history, the service sector was much more important in terms of output and employment before, during and after the Industrial Revolution than standard interpretations suggest.³

Braudel writes that “the historian has less trouble seeing the hows than the whys and can more clearly discern the consequences than the origin of major problems. All the more reason, of course, for him to become excited about discovering these origins […].”⁴ Cain and Hopkins’s concept of gentlemanly capitalism provides a powerful ‘why’ when describing Britain’s rise to hegemony. Reading ‘British Imperialism’ was indeed exciting and this study therefore concerns itself with ‘how’ to study and further test their ‘why’ in a systemic way. The authors explain themselves that, “the interesting problem now, in our view, is to unravel the relations between finance and industry over the centuries in more detail and with greater subtlety than was possible in our study, which of course had to keep other matters in view.”⁵ I will argue that this could be done through the systemic analysis of a product. The commodity chain approach hereby provides an analytical political economy tool that allows for the study of the interrelated activities of production and services beyond regional restrictions. Such an analysis also calls for a re-examination of the commodity chain approach itself which, like

¹ Helpman, Elhanan The Mystery of Economic Growth, pp. ix-x
² Cain, P.J., Hopkins, A.G. British Imperialism 1688-2000, p.36
³ Ibid. p.35
⁴ Braudel, Fernand Afterthoughts on Material Civilization and Capitalism, p.80
⁵ Cain, P.J., Hopkins, A.G. British Imperialism 1688-2000, p.8
traditional accounts of British economic history, tends to concentrate on industry. This represents the second agenda of this paper: exploring the gentlemanly capitalism paradigm through the commodity chains approach benefits both concepts. The recognition of the importance of services for the ascent of the economy of the first industrial nation also sheds new light on debates concerning development and provides a strong case for the firm integration of services in commodity chains. Commodity chain research is utilised in many different sectors, representing real-use value for formulation of development policy.\(^6\) This underlines the importance to critically engage with the concept.

Half of this study is therefore dedicated to these two theoretical and methodological concepts, outlining their argumentations, shortcomings and mutual benefits of improvement. The second half of the paper illustrates how commodity chains can test the gentlemanly capitalism paradigm in a systemic way through the analysis of two historical indigo commodity chains. This structure underlines that indigo hereby only serves as an example. Considering the theoretical background provided in this study, almost any other (global) commodity could provide critical insights into the forces operating through Cain and Hopkins’s concept of gentlemanly capitalism, outlining the intertwined relationship of production and services. The fact that indigo’s demand is explicitly linked to the expanding textile industry in Europe and thus industrialisation in general does however make it an especially attractive commodity for such an undertaking. Additionally, the analysis of indigo allows for a comparison of different types of empire, encompassing settler societies in South Carolina and what can be called an ‘extractive’ colony in Bengal.

Part II. 1. will discuss Cain and Hopkins’s argumentation and the development of gentlemanly capitalism. In order to outline the argument, I have drawn a separation between ‘the Revolutions’ and ‘the Empire’, but the processes described in both parts naturally strongly influence each other. This is in line with Cain and Hopkins’s approach which allocates the generic causes of British imperialism at the centre. Drawing a line of causation from centre to periphery, its consequences are thus described through the British Empire.\(^7\)

Part II. 2. is dedicated to commodity chain research: after an overview of the concept, potential improvements will be discussed. Special attention is, of course, given to services in commodity chains. Recent publications have urged to integrate services into commodity chain

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\(^6\) Bair, Jennifer *Global Capitalism and Commodity Chains: Looking Back, Going Forward*, p.161

\(^7\) Cain, P.J., Hopkins, A.G. *British Imperialism 1688-2000*, p.60
research. While this is enormously helpful, focus almost exclusively lies on the ‘contemporary’ dimension, describing that services continuously increase in importance; this argumentation is however powerfully disputed through Cain and Hopkins’s analysis of gentlemanly capitalism itself. Finally, Part III will provide two case studies centring on the production and trade of indigo within the British Empire. After outlining the two indigo commodity chains in South Carolina and Bengal, they will be analysed in terms of their governance structure. The governance structure gives insight into the relationships between actors located at different points in the commodity chains and therefore allows the study of how value that is created, appropriated and/or distributed throughout the chain. Dealing with historical commodity chains, value cannot simply be outlined in monetary terms or in regard to profit. Accurate data is not always available and, more importantly, for a holistic and long-term perspective of value it is simply not sufficient to for example allocate a certain percentage of profit to each sector. I will therefore look at governance through analysing informational, political and cultural barriers of entry for different participants of the commodity chains.

The framework of this paper only allowed for an analysis that treats London as the end destination of indigo in both commodity chains. Focus was given to these chains from a perspective of Empire which aims to reconnect the causes at the centre with the developments in the periphery. It would indeed be very beneficial to continue the chains as they make their way through London to provincial manufacturers in Britain. After outlining Cain and Hopkins’s approaches to the causes of British imperialism however, the indigo commodity chains serve to test them in regard to dispersed regions of the British Empire.

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8 See for example Brown, Ed, Derudder, Ben, Parnreiter, Christof et al. *World City Networks and Global Commodity Chains: towards a world-systems’ integration*

9 Bair, Jennifer *Global Capitalism and Commodity Chains: Looking Back, Going Forward*, p. 159

10 As has been explained, this is in line with Cain and Hopkins’s approach to British imperialism. See Cain, P.J., Hopkins, A.G. *British Imperialism 1688-2000*, 60-1
Cain and Hopkins’s two volume extensive research of British imperialism first appearance in the 1990s sparked a lively debate. Their concept of gentlemanly capitalism clearly added a new dimension to discussions of the British Empire which is unlikely to be ignored by any future study of the modern economic history of the United Kingdom or of Greater Britain. Nevertheless, services often remain to be seen as a by product of industrial development giving them, in the true sense of the word, a ‘tertiary’ role and ignoring that even industrialising Britain was equally a service economy as it was a commodity producing economy, making substantial profits through trade, insurance, finance and investment. This indicates that the debate surrounding Cain and Hopkins’s ‘gentlemanly capitalism’ is far from over and that, despite the numerous relevant and interesting critical publications, more research remains to be done. The following part of the paper will therefore look at Cain and Hopkins’s argumentation and the academic debate that has surrounded the gentlemanly capitalism paradigm since its appearance nearly thirty years ago.

II. 1. The Academic Debate: Capitalism, Imperialism and the Service Sector

The last thirty years have seen a number of interrelated revisions regarding the structure and development of British capitalism. Most notably, this involved the literal implications of the concept of 'Industrial Revolution'. The term ‘revolution’ may imply a sudden change, and therefore draws attention away from long processes associated with, and more so driving, such change. This is not to discredit revolutionary changes brought to production through new energy forms. Rather, it stresses that such changes should be integrated into the development of capitalism, acknowledging on the one hand, that industry is a phase in a long process of what Braudel famously called long durée, and on the other hand, that ‘industrialism’ itself can be seen as a longer and more gradual, continuous process than is implied by the term ‘revolution’. Braudel underlines that there has never been a total break or an absolute

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11 P.J. Cain and A.G. Hopkins first jointly written essay on the subject of British Imperialism appeared in 1980, followed by two further articles published in 1986 and 1987. Their book was first published in 1993, comprising two volumes under the names of “British Imperialism: Innovation and Expansion, 1688-1914” and “British Imperialism: Crisis and Deconstruction” (Longman, London); the two volumes have since became one and are now in their third edition.
12 Dumett, Raymond E. (ed.) Gentlemanly Capitalism and British Imperialism. The New Debate on Empire, p.4
13 Vries, Peer The California School and beyond: how to study the Great Divergence?, p.15
14 Ingham, Geoffrey British Capitalism: Empire, Merchants and Decline, p. 339
15 Ibid. pp. 340-1; Clark points out that the very term ‘Industrial Revolution’ is a nineteenth-century invention coined in France in the 1820s and translated into German by Marx and Engels in the 1840s. In English it was
discontinuity within history: “Thus, many historians […] are now discovering that the Industrial Revolution was already putting in its appearance long before the eighteenth century.”

Chapman explains that recent revisions have suggested a more gradual growth in the old staples [textile, iron and coal]. This has led to rekindle an interest in some of the continuities of economic and social life such as the traditional British interest in trade and finance, which was more taken for granted by contemporaries. Such new found interest served to outline the underemphasise of non-industrial form of capitalism in the history of the first industrial nation, prompted a new found interest in the British Empire that stems from the centre rather than the periphery, and contributed to Cain and Hopkins’s development of the ‘gentlemanly capitalism’ paradigm.

Cain and Hopkins underline that “Britain was the most advanced economic power in Europe long before the onset of mechanisation or the beginning of the factory system”. They also urge to see the Industrial Revolution as a new phase in what was already a very successful and broad-based process of economic development. More so, they explain that the Industrial Revolution took place without any fundamental transformation in the nature of property ownership or in the disposition of social or political power. The proposition that the structural element of British social and economic power remained in well-established traditional hands, thus proposes a different perspective on power and profitability within the first industrial nation. Ultimately, this means a (re-)evaluation of British economic history and firmly integrates the British Empire into the story. Such an approach serves to explain, how forces in Britain drove and created an international trading system, centred in London, mediated through the sterling and tied together by a regime of trade which encouraged specialisation, cut transaction costs and created an interlocking system of multilateral payments. While commodity imports (such as for example raw materials) and exports (such as British manufactures) are the visible part of this panorama, the system was neither designed nor impelled by industrial capitalists. The driving agents did not represent the manufacturing interest but were what Cain and Hopkins call ‘gentlemanly capitalists’.

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popularised by Arnold Toynbee’s book of 1884. For more information on the history and reason for the development of the term see Clark, J.C.D. English Society 1688-1832. Ideology, social structure and political practice during the ancient regime, p. 65

16 Braudel, Fernand Afterthoughts on Material Civilization and Capitalism, pp.46-7
17 Chapman, Stanley Merchant Enterprise in Britain. From the Industrial Revolution to World War I, p.1
19 Ibid. p.51
20 Ibid. p.50
21 Ibid. p.55
Engaged in trade, finance, investment and insurance, they represented a socio-political ruling elite which is characterised by a synthesis between the older landed elite of aristocracy and gentry with the nouveaux riches of the City of London, controlling the service sector of the economy.22

On the one hand, Cain and Hopkins propose that Britain’s traditional allocated historical role of the ‘workshop of the world’ is therefore flawed and should give way to the proposition that Britain was in fact an international service centre.23 They argue that the gentlemanly capitalists engaged in this ‘service centre’ shaped economic policy at home and abroad.24 More so, their indirect relationship with the productive forces and their distance to engagement in industry also kept them aloof from political struggles with an increasingly class conscious work-force and provided them with an opportunity to present themselves more easily as natural political leaders.25 Generally speaking, manufacturers did therefore neither own top-wealth or political power. The few ‘lucky’ exceptions hereby were incorporated into the gentlemanly capitalist system, rather than creating or shaping it. Cain and Hopkins thus give the majority of industrial capitalist the catchy, if unflattering, label of ‘the shock troops of capitalism’.26 While the homogeneity of the proposed group of ‘gentlemanly capitalists’ has been debated, and Cain and Hopkins have at times been accused of an ‘industrial minimalist’ approach,27 their concept of ‘gentlemanly capitalism’ has certainly contributed to a different perspective on economic development.

It has become clear, that Cain and Hopkins identify several separate but interrelated forms of capitalist enterprise which can roughly be separated into agricultural, financial, commercial and industrial spheres.28 It remains however important to define the use and meanings of key terms such as ‘capitalism’ and ‘imperialism’ - grand concepts that often bear ideological values and controversy. Historians have repeatedly pointed out that ‘capitalism’ is an ambiguous and controversial term, loaded with contemporary and possible anachronistic connotations.29 Cain and Hopkins are aware themselves that “this study requires the use of

22 Dumett, Raymond E. (ed.) Gentlemanly Capitalism and British Imperialism. The New Debate on Empire, p.5
23 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.51
24 Ibid. p.52
25 Ibid. p.51
26 Ibid. pp.50-1
27 Dumett, Raymond E. (ed.) Gentlemanly Capitalism and British Imperialism. The New Debate on Empire, p.6
28 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.34
29 Braudel, Fernand Afterthoughts on Material Civilization and Capitalism, p.45
terms which have powerful ideological connotations.” According to them, attributes that are uncontroversial but enter most definitions of capitalism in varying proportions and combinations include profit-seeking, individualism, market economy, rational calculation and the postponement of present consumption for the sake of future returns. For Ingham, himself very critical of Cain and Hopkins account of British imperialism, capitalism at the most abstract and general level refers to “the principles of organisations of a social system in which power derives from control of (liquid) monetary or financial resources, which may employ labour and invest in fixed capital, buy and sell commodities, be lent at a rate of interest and so on.” He agrees that there are many different forms of capitalism, and that if one predominates, it is appropriate to speak of for example ‘commercial capitalism’ or ‘industrial capitalism’, but limits the meaning of ‘gentlemanly capitalism’ to “[…] those cultural traits which comprise a status group’s claim for ‘gentility’ as a means of distinction and social closure”. Braudel stresses, however, that the development of capitalism was determined by its encounter with social hierarchies. To him, capitalism only succeeded when it became identified with the state and substantial power was transferred to the moneyed elite.

In a European context, this type of alliance can be traced back to Italian City-states such as Florence in the late fourteenth century, where “[…] the old feudal nobility and the new merchant upper bourgeoisie had become one, forming a moneyed elite that in a logical fashion set about gaining political control.” When trade shifted to the Atlantic, the aristocracy of the Regents in Holland of the seventeenth century, governed to the benefit and even according to directives of the businessmen, merchants and money-lenders. England hereby represents the accession of business similar to that in Holland. The concept of ‘gentlemanly capitalism’ can thus be seen as Cain and Hopkins’s take on the British developments in this regard, subsequently leading to its rise to hegemony in the nineteenth century. England is hereby special in the sense that it can also be considered the first industrial nation. The concept of ‘gentlemanly capitalism’ therefore directly challenges an industry-centric view of development, in which the Industrial Revolution represents a distinctive break, marking the beginning of (modern) capitalism.

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31 Ibid. p.34
32 Ingham, Geoffrey *British Capitalism: Empire, Merchants and Decline*, p.341
33 Ibid. pp.341-2
34 Braudel, Fernand *Afterthoughts on Material Civilization and Capitalism*, p.67
35 Ibid. p.64
36 Ibid. p.68
37 Ibid. pp.64-5
Looking at its development from a historical perspective, the capitalist system has generally been described as a process from pre-industrial to proto-industrial, industrial and finally post-industrial society.\(^{38}\) The focus on ‘industry’ is, of course, self-evident. Likewise, economists have traditionally agreed with such a progression, describing it through the transition in three stages: from primary (agriculture), to secondary (industry) to tertiary activity (services).\(^{39}\) A shift in academic analysis has identified the contribution of interrelated world regions in such a development from pre- to post-industrial society and aimed at incorporated wider world regions under the centre-periphery dichotomy. While traditional theories of macroeconomic thought emphasised a step by step scheme of development, this new school of historians have established its origin as Eurocentric, corresponding with developments in Europe, and have urged to incorporate the interdependence of different regions into the historical analysis.\(^{40}\) The eurocentrism discourse, albeit important, is too far-flung to be discussed in detail here. It should be said however, that it proved to be extremely important in the past in order to provoke a certain degree of introspection within historiography, fuelling new research of the so-called ‘periphery’ and sometimes going as far as revising its perceived status as such.\(^{41}\) Such research has not only integrated the wider world into the framework of development, but thus also acknowledges the role of Empire and imperialism within the economic development of different world regions throughout the centuries. Cain and Hopkins perspective stems from the centre but offers good reasoning for doing so. Trying to understand the causes rather than the consequences of imperialism, and identifying a central tendency within the British Empire, they argue that “the generic causes, in our view, have their origins at the centre”.\(^{42}\) At

\(^{38}\) Cain and Hopkins write that nearly all historical discussion of capitalism has focused on the transition from pre-capitalist structures to industrial capitalism with an optional extension to post-industrial society. See Cain, P.J., Hopkins, A.G. *British Imperialism. 1688-2000*, p.35

\(^{39}\) Ibid. p.35; the three-sector hypothesis was developed and utilised by such economists as the Australian Colin Clark, the French Jean Fourastié or the German Rolf Wagenführ and continues to enjoy prominence today. For a brief introduction see for example Fourastié, Jean *Die große Hoffnung des zwanzigsten Jahrhunderts*, pp.11-14

\(^{40}\) This concerns mainly a school of thought associated with Dependency theory and world systems analysis including such influential writers as Fernand Braudel, Immanuel Wallerstein and Eric Williams who claim that the development of capitalism was inherently a transnational progress. Developments at the centre necessitated the incorporation of new regions as periphery, leading to their under-development and thus creating a globally increasing divergence of wealth and living standards. See Vries, Peer *The California School and beyond: how to study the Great Divergence?*, p.3

\(^{41}\) A group of scholars under the banner of ‘the California School’, including for example Kenneth Pomeranz, R. Bin Wong and Andre Gruder Frank have aimed to rewrite the economic history of Asia (mainly China) and the ‘West’ emphasising Eurasian similarities in economic development of the early modern period through the ‘surprising resemblance thesis’. Frank argues that the China of the early modern period actually represented the centre of what can be seen as global trade and the economy of the time. For more information see Frank, André Gruder *ReOrient. Global Economy in the Asian Age*; for a summary on the California School see Vries, Peer *The California School and beyond: how to study the Great Divergence?*

\(^{42}\) Cain, P.J., Hopkins, A.G. *British Imperialism. 1688-2000*, p.60
the same time they point out that drawing a line of causation from centre to periphery “[…] is not to be seen as the product of Euro-centric bias complemented by a dated disregard for the internal history of countries outside Europe.”

For Cain and Hopkins, imperialism in its crudest form is viewed as a type of expansion that involves some sort of intrusion into the sovereignty of another state and therefore that “[…] one power has the will, and, if it is to succeed, the capacity to shape the affairs of another by imposing upon it.” The academic debate surrounding imperialism has a long tradition but Webster points out that, with the exception of Marx, few of the earlier studies have survived intact into modern discussions providing viable explanations. The modern historical debate over imperialism has been shaped most prominently by Hobson, Lenin, Schumpeter as well as Robinson and Gallagher, and Cain and Hopkins themselves readily point out that they have been greatly influenced by those predecessors. While criticising serious analytical flaws in his analysis, they acknowledge their indebtedness to Lenin for putting British imperialism into a global context. They have been inspired by Hobson’s outline of finance as a driving force of the imperial engine, despite criticising his tendency to resort to conspiracy theories. Schumpeter, who, on the other hand, argued that imperialism was driven by atavistic feudal notions of power and supremacy, is applauded for the observation that capitalism was under the social and political direction of older elites. And finally, Robinson and Gallagher, have, in Cain and Hopkins’s words “[…] set the agenda for the study of imperial history” by redefining the concept of imperialism to include the informal empire.

While debates over definitions of ‘formal’ and ‘informal’ Empire exceed the scope of this paper, they do however serve as a reminder of the complexity of the concept of imperialism itself. Hyam goes as far as to discard ‘imperialism’ in its entirety as a ‘pseudo-concept’,

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43 Ibid. p.60  
44 Ibid. p.54  
45 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.4  
46 Ibid. p.4  
47 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.31  
48 Ibid. p.33  
49 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.6  
50 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.26  
51 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.7  
52 For Cain and Hopkins (pp.55-6) ‘informal imperialism’ constitutes an ‘attempt’ or an ongoing process of expanding economically and politically at the expense of a foreign country, which did produce a fully fledged British ‘informal Empire’. Davis (in Dumett, p.83) has however argued that such a definition is too broad and ‘soft’, as it also accommodates unequal and disadvantageous relationships between countries in trade and investment and the exercise of undue influence through finance and diplomacy as well as through aggressive
which, due to its analytical looseness, takes on a life of its own, reducing real people and processes such as ‘industrialisation’ to the status of ‘agents’, while being adaptable in its meaning to suit the purposes of any given interpretation.53 While this evaluation may be kept in mind in order to remain critical of the concept, discarding ‘imperialism’ all together clearly is counterproductive. Magee and Thompson point out that “the British imperial economy is often cast in one of two starkly contrasting models: it is conceived either as a largely fictitious entity or as a very real one based on hegemonic power relations.”54 The first group emphasises free trade and a laissez-faire political economy, advocating little role to the government other than the provision of basic infrastructure, education and law and order, and thus minimizing the institutional role of the British Empire in 19th century economic development. The second group on the other hand, places the role of Empire at the very heart of economic development.55 Vries argues that both such theoretical directions of thought are highly questionable. In this regard, the classic-liberal interpretation, which ultimately advocates the rise of the British Empire to the formation of a free market, is hardly justifiable today. Likewise, the neo-Marxist interpretations that link the rise of industry in Britain directly with the development of the British Empire have been severely questioned. Instead, he points to recent debates which emphasise a position that lies somewhere in the middle, whereby attention is given to the role of the military fiscal state and/or mercantilism.56 Cain and Hopkins’s account of British imperialism can be allocated along these lines of argumentation as they ascribe a great role to the policies of British military fiscal state. Urging to see imperialism as a process transmitting impulses from a particular source of intervention in a foreign nation’s political affairs. He argues that it remains necessary to prove that some type of coercion and some type of exploitation are present, before one can speak of ‘imperialism’. Cain and Hopkins (pp.55-6) acknowledge that investment, commerce and migration in itself are not necessarily imperialistic, but they identify a tendency for expansionist impulses to become imperialist when coming up against societies which needed reforming and restructuring before expansionist ambitions could be realised or which seemed neither amicable to change or incapable of resisting it. Such problems of definition tie in with the highly controversial ‘imperialism of free trade’ debate, fuelled by the work of Robinson and Gallagher, which can be traced through discussions surrounding neo-classical and neo-liberal trade theories of modern economics well into the 20th century (Dumett, p.18). See Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, pp.55-6; Davis, Lance The late nineteenth-century British Imperialist: specification, quantification and controlled conjectures in Dumett, Raymond E. (ed.) Gentlemanly Capitalism and British Imperialism. The New Debate on Empire, p.83; Dumett, Raymond E. (ed.) Gentlemanly Capitalism and British Imperialism. The New Debate on Empire, p.18; Gallagher, John, Robinson, Ronald The Imperialism of Free Trade.

53 Hyam, Ronald Understanding the British Empire, p.136
54 Magee, Gary B., Thompson, Andrew S. Empire and Globalisation. Networks of People, Goods and Capital in the British World, c. 1850-1914, p.9
55 Ibid. p.10
56 Vries, Peer Zur politischen Ökonomie des Tees, p133
energy, they reinsert gentlemanly capitalism and the service sector industries through which it operates, as a key source.\textsuperscript{57}

Before going into further detail, the last concept of importance that remains to be defined thus represents the service sector. Again, this is not an easy task as Cain and Hopkins explain themselves that “no satisfactory definition of services has yet been devised”.\textsuperscript{58} Being viewed as a ‘junior partner’ and dependent of manufacturing during the classic phase of industrialisation, services only attract considerable interest during what has been labelled, albeit insufficiently defined, as post-industrialism.\textsuperscript{59} From economists such as Smith to Kaldor services are viewed as a derivate form, or even parasitic on, the anterior and superior process of producing goods.\textsuperscript{60} As has been explained, Cain and Hopkins main line of argumentation allocates an important role to the distribution and financing of manufactures, not just to their production. Since services such as transport, banking and insurance are all integral to production processes, they can be referred to as ‘producer’ or ‘intermediate’ services.\textsuperscript{61} Rabach explains that services hereby provide links between the segments of production, binding together spheres of production and circulation. Services therefore integrate and co-ordinate globalised production processes.\textsuperscript{62} What is needed however is a value-free definition, an endeavour which is further complicated by the vast amount of activities that characterise the service sector. Yet, a common feature constitutes that services do not represent stockable commodities. This definition includes a wide range of activities, notably in banking, insurance, communication, distribution, transport, public service and a multiplicity of personal services.\textsuperscript{63} Cain and Hopkins explain that generally speaking, they refer to the service sector with these occupations in mind. Before analysing the close relation of services and production in more detail, it is however necessary to explore the development of the British service sector and its resulting impact on imperial and foreign policy through Cain and Hopkins’s concept of gentlemanly capitalism.

\textsuperscript{57} Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.55
\textsuperscript{58} Ibid. p.36
\textsuperscript{59} Ibid. p.37
\textsuperscript{60} Ibid. p.37
\textsuperscript{61} Brown, Ed, Derudder, Ben, Parnreiter, Christof, et al. \textit{World City Networks and Global Commodity Chains: towards a world-systems’ integration}, p.23; Yet, Cain and Hopkins emphasise that such a definition essentially describes services from the perspectives of production and consumption and while this can be useful, it does also carry implications for the analysis and measurement of the service sector as a whole. See Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.36
\textsuperscript{62} Rabach, Eileen, Kim, Eun Mee \textit{Where is the Chain in the Commodity Chain? The Service Sector Nexus} in Gereffi, Gary, Korzeniewicz, Miguel (eds.) \textit{Commodity Chains and Global Capitalism}, p.123
\textsuperscript{63} Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.37
II. 1. b. Landed Power and Monied Interest: the Revolutions

Eric Hobsbawm famously called the period of 1789-1848 in Europe ‘the age of revolution’, as the world was transformed by the ‘dual revolution’, comprising the French Revolution and the British Industrial Revolution.\(^{64}\) In Britain, two preceding developments are among those carrying the label of ‘revolution’, having contributed greatly to the development of the British capitalist system. One of them is the Glorious Revolution of 1688, which led to a new settlement between crown and aristocracy, establishing the principle of parliamentary sovereignty and representing a decisive shift of power in favour of the landed interest.\(^{65}\) Shortly thereafter followed the Financial Revolution of the 1690s, which among other important financial innovations, centred on the foundation of the Bank of England and the creation of the national debt.\(^{66}\) An important consequence of the Financial Revolution was to create stable conditions for the integration and expansion of a national and imperial capital market centred on London, arguably fuelling through trade developments in Britain that would greatly contribute to the onset of the Industrial Revolution.\(^{67}\)

In 1688 the Catholic King James II was replaced by the protestant Dutchman William of Orange who was married to James II’s first daughter Mary, thus being able to claim the English throne. In retrospect the Dutch invasion was termed a ‘revolution’ because it led to a political settlement that fundamentally changed the relationship between Crown and Parliament.\(^{68}\) The Revolution of 1688 not only installed a new protestant monarch, but also a new type of monarchy which destroyed the financial independence of the crown. In order to secure an adequate income, the king was now compelled to govern through parliament which was in the control of the landed interest represented by aristocrats and gentry. Land was a permanent and prestigious form of wealth and therefore allowed time for the affairs of state.\(^{69}\) Cain and Hopkins describe the landed interest as a socially exclusive group, maintained by in-group marriage, demonstrating an ideological cohesion through their commitment to the

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\(^{64}\) Hobsbawm, Eric *The Age of Revolution. 1789-1848*, p.2
\(^{65}\) Webster, Anthony *Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890*, p.14
\(^{66}\) Cain, P.J., Hopkins, A.G. *British Imperialism. 1688-2000*, p.68
\(^{68}\) Quinn, Stephen *The Glorious Revolution’s Effects on English Private Finance: A Microhistory 1680-1705*, p.593
\(^{69}\) Cain, P.J., Hopkins, A.G. *British Imperialism. 1688-2000*, pp.67/70
Church of England and shaping cultural homogeneity through public schools. While they have been criticized for exaggerating the coherence and self-containedness of this elite, Cain and Hopkins do acknowledge that sometimes powerful opposition existed. They argue however, that opposition remained within constitutional limits and, when necessary, was brought under control. According to them, the landed elite’s domination over parliament remained undisturbed before 1832 and was only slowly eroded thereafter, with such control also providing authority over the legal system, public expenditure and defence. The law thus was to act in order to defend property rights such as land, agricultural interests were to be protected, and taxation of land was to be kept at a minimum. O’Brien hereby explains that while taxes did go up, they fell relatively lightly upon the landowner’s wealth. Nonetheless, capital for defence needed to be raised since the perceived vulnerability of the new order and its supporters to foreign and domestic challenges necessitated a strong military arm of state. In the words of Cain and Hopkins, alarms were many and real, including the French wars, the Jacobite threat at home and the Jacobine threat abroad, as well as global conflicts such as the Seven Years War. How did Britain not only overcome major wars and minor conflicts, but emerge to be the main hegemonic naval, commercial, imperial and industrial power by the time of the Vienna Congress in 1815, as well as avoid the destiny of revolution shared by so many European powers in 1848?

Carruthers writes that in 1672 England was a weak nation-state and a second rate military power. In 1712, only forty years later, it had become one of the major military powers and had successfully checked French expansion in the War of Spanish Succession. As outlined, such successes clearly required the mobilisation of capital for military expenditures and a major problem therefore represented raising funds without inflicting excessive direct tax burdens on the general population and the landed elite, which might have precipitated

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70 Ibid. p.67
71 Hyam, Ronald Understanding the British Empire, p.142
72 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.67
73 Ibid. p.67
74 Ibid. p.77
75 O’Brien, Patrick Inseparable Connections: Trade, Economy, Fiscal State and the Expansion of Empire, 1688-1815 in Marshall, Peter James, Louis, William Roger (eds.) The Oxford History of the British Empire Vol.II. The 18th Century, p.73
76 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.14
77 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, pp.76-7
78 O’Brien, Patrick Inseparable Connections: Trade, Economy, Fiscal State and the Expansion of Empire, 1688-1815 in Marshall, Peter James, Louis, William Roger (eds.) The Oxford History of the British Empire Vol.II. The 18th Century, p.74
domestic revolt. The answer, in its simplest form, was to borrow money. O’Brien explains that “between 1693 and 1713, ministers experimented with methods and instruments for borrowing long and medium term, developed elsewhere in Europe, particularly in the Netherlands, which included tontines, annuities for lives and shorter periods, and loans linked to lotteries.”

The bulk of the resulting financial innovations can be summarised under the term ‘Financial Revolution’. At the revolution’s heart thus lay the creation of the national debt in order to finance military endeavours. This resulted in the formation of the Bank of England which assumed the responsibility of managing such government debt. Webster agrees when he summarises that the Bank of England was specifically created in order to fund the national debt which in turn had been incurred largely to sustain national military strength. When the first of seven major conflicts with France and her allies came to an end, a national debt, a government bank, and procedures for negotiating the flotation of long-term loans on the London capital market were in place.

In order to describe such a predominance of military concerns in state policy formation and financial priorities, the term ‘military fiscalism’ has been used. While representing a complex system including credit and taxation, the most obvious and important aspect of military fiscalism is the joining of public expenditure and war. Cain and Hopkins provide impressive numbers illustrating the increase of expenditure during the major wars of the eighteenth century: in 1700 the national debt stood at 14 million pounds; in 1748 it was 78 million pounds; by 1763 it had jumped to 133 million pounds; by 1783 it had grown to 245 million pounds; and in 1815 in reached 700 million pounds. O’Brien adds that by the 1820s the nominal capital of the state’s funded debt amounted to more than twice the national income: “[…] a ratio remarkable for the period and astonishing even by the standards of profligate borrowing displayed by many governments of the late twentieth century.”

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80 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia, p.14
82 Ibid. p.62
83 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.14
84 O’Brien, Patrick Inseparable Connections: Trade, Economy, Fiscal State and the Expansion of Empire, 1688-1815 in Marshall, Peter James, Louis, William Roger (eds.) The Oxford History of the British Empire Vol.II. The 18th Century, p.66
85 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.14
86 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.79
87 O’Brien, Patrick Inseparable Connections: Trade, Economy, Fiscal State and the Expansion of Empire, 1688-1815 in Marshall, Peter James, Louis, William Roger (eds.) The Oxford History of the British Empire Vol.II. The 18th Century, p.64
result, Cain and Hopkins observe that interest payments on the national debt swallowed more than 50 per cent of public expenditure in peace time.\(^{88}\) Mathias calculations suggest that interest payments alone were equivalent to about half the value of total exports in the eighteenth century.\(^{89}\) Servicing such a huge amount of national debt indicates that the real burden of taxation was heavier in England than in France, both on a per capita basis and as a share of national income, and that it further increased as the century advanced.\(^{90}\) Kindleberger states however that: “a comparison of British and French history in money and banking indicates that Britain was a century ahead of France in evolving most of its financial institutions.”\(^{91}\) Cain and Hopkins agree that the form taken by the public debt and its management were far more advanced in Britain, providing investors with confidence that their money would be returned and thus allowing Britain to borrow extensively and effectively in times of war, while France was forced to rely much more heavily on taxation.\(^{92}\)

An indirect regressive system of taxation led the bulk of the British tax burden to be borne by the mass of consumers, principally in the form of exercise and custom duties. The land tax on the other hand supplied a small and diminishing proportion of the total.\(^{93}\)

While superior credit facilities developed through the Financial Revolution helped to make Britain an international power, an indirect regressive taxation system thus served the landed interests, chief beneficiaries of the settlement of the Glorious Revolution.\(^{94}\) In regard to British development it is of course also necessary to point to other important factors in trade and production which fuelled economic growth. The impact of the Industrial Revolution was with no doubt highly influential, leading to a reorganisation of production and a diversification of consumption, and helping to bring both, an increased volume and a greater variety of goods and services, into the net purposes of taxation.\(^{95}\) However, as already discussed, recently revised conjectures about the numbers suggest that the British economy grew more slowly and steadily through time than traditional accounts of the Industrial Revolution have indicated. O’Brien argues that the tax revenues between 1688 and 1815

\(^{88}\) Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.79
\(^{89}\) Mathias, Peter \textit{The First Industrial Nation: An Economic History of Britain. 1700-1914}, p.38
\(^{90}\) Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.79
\(^{91}\) Kindleberger, Charles \textit{A Financial History of Western Europe}, p.76
\(^{92}\) Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.71
\(^{93}\) Ibid. p.79
\(^{94}\) Ibid. pp.71, 79
\(^{95}\) O’Brien, Patrick \textit{Inseparable Connections: Trade, Economy, Fiscal State and the Expansion of Empire, 1688-1815} in Marshall, Peter James, Louis, William Roger (eds.) \textit{The Oxford History of the British Empire Vol.II. The 18th Century}, p.67
increased much more rapidly than the economy at large, with taxes fluctuating, rising in wartimes and falling back when hostilities ceased. Economic growth, fuelled through the Industrial Revolution, certainly contributed in making excessive war taxation more tolerable. Yet, the impressive British fiscal successes of the Hanoverian regime of the 18\textsuperscript{th} and 19\textsuperscript{th} century, owed as much to the supportive public consensus over the broad objectives of external policy as to the opportunities created by developments in the economy.\footnote{O’Brien, Patrick Inseparable Connections: Trade, Economy, Fiscal State and the Expansion of Empire, 1688-1815 in Marshall, Peter James, Louis, William Roger (eds.) The Oxford History of the British Empire Vol.II. The 18\textsuperscript{th} Century, p.68}

This raises the question of how Britain managed to establish such a public consensus over external policy, resulting in a huge increase of national debt. Voices of opposition did, of course, exist. Alarm over the novelty and size of the national debt already emerged during the brief interlude of peace from 1698 to 1702, and politicians, investors and taxpayers did become vocally concerned about the scale of accumulated debt and the burden of taxes required for its service in the aftermath of every war. Yet, crisis of confidence were avoided as negotiations for loans were conducted with growing expertise.\footnote{Ibid. p.66} O’Brien points out that: “[…] ministers managed to assuage radical predictions of national bankruptcy and to allay the political envy aroused by a supposed stranglehold on power, exerted by a parvenu, ‘monied interest’ of dubious birth and probity.”\footnote{Ibid. p.66} The ‘monied interest’ hereby represents the lenders behind the national debt. As creditors to this system, which was taking on increasingly complex financial innovations, they had an inherit interest in its success. Carruthers reminds us that while debtors depended on creditors for money, after the loan is made, creditors are in a sense beholden to their debtors. Their interests become aligned because the creditor now has a stake in the debtor’s ability to repay.\footnote{Carruthers, Bruce G. City of Capital. Politics and Markets in the English Financial Revolution, p.3} When the debtor is a sovereign, lending money takes on an inevitably political complexion, with the political character of sovereign debtor-creditor relationships shifting to an even further level when the sovereign’s debts become commodities that traders buy and sell.\footnote{Ibid. p.4} On the one hand the post-Glorious Revolution regime acquired many allies by borrowing so heavily; on the other hand government debt became a highly liquid financial commodity, easily traded on an active stock market. Crown creditors could buy and sell their government’s debts by trading in for example joint-stock company shares such as the East India Company which loaned large sums of money to the
British government.\textsuperscript{101} Herein lies the essential question of who was it that provided the money that made up the government debt and financed the British military fiscal state which became a global power and acquired a vast Empire?

The aristocracy and gentry in possession of landed wealth clearly formed the elite of the British system and remained the dominant force in Britain until the late nineteenth century. Cain and Hopkins remind their readers that initially the most important form of capitalist wealth in Britain was the rentier capitalism, which arose from the ownership of land by a numerically small elite.\textsuperscript{102} Two other social groups had started to make their impact felt however, as they established themselves around the time of the Glorious Revolution, contributing greatly to the interrelated developments of the British system. One such group concerns manufacturers, which due to the defiant changes brought to production by the Industrial Revolution, have been well studied. Cain and Hopkins write that “manufacturers were already important and familiar figures on the landscape on 1688, and their role expanded thereafter, as is well known.”\textsuperscript{103} Yet, it should be kept in mind that the greater part of manufacturing output still came from small scale, traditional (often household) unit of production, once again underlining that industrialisation was a longer process than traditional historiography has often suggested. Only in the 1820s did investment in industry become significantly larger than in agriculture. The woollen industry nevertheless made a sizeable contribution to domestic employment as well as providing export earnings and state revenues in the 18\textsuperscript{th} century. In the 19\textsuperscript{th} century, the cotton industry preformed a similar function on an even larger scale.\textsuperscript{104} The opportunities of employment for the landless in industry, also made it possible for landowners to reorganise their estates into larger, less labour intensive farms, enclose commons, and evict cottars and squatters, without facing increased threats to the security of their assets and property rights from crime, political expropriation, disorder, and even rates levied to relieve poverty.\textsuperscript{105} Agriculture in turn became more market orientated and supportive for an industrialising, urbanising, and trading economy, feeding workers and families at prices that left them with enough purchasing power to spend on manufactured

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\textsuperscript{101} Ibid. pp.5-6
\textsuperscript{102} Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.39
\textsuperscript{103} Ibid. p.74
\textsuperscript{104} Ibid. p.74
\textsuperscript{105} O’Brien, Patrick Inseparable Connections: Trade, Economy, Fiscal State and the Expansion of Empire, 1688-1815 in Marshall, Peter James, Louis, William Roger (eds.) The Oxford History of the British Empire Vol.II. The 18\textsuperscript{th} Century, p.72
\end{flushleft}
goods and imports. At the same time, manufacturers and their workers produced the goods that gave Britain a competitive advantage and fuelled its trade and commerce.  

The organisation and financing of such trade and commerce constitutes the other group, which can be summarised in characterising Britain’s service sector. O’Brien writes that:

> The finance and professional skill required to engage in servicing the international economy had been accumulating among communities of merchants in London, Bristol and other port cities along the west coast well before 1688. By the time of the glorious revolution, London’s merchants, shippers, warehousemen, and financiers more or less ran Britain’s transcontinental trade.

With a focus on industrial development, historiography has produced what Chapman calls a distorted economic history, substantially neglecting the role of trade and finance which was centred in the City of London, occupying the top of the national league of wealth. This is illustrated by Lee’s calculations on British regional revenue returns in the nineteenth century: he argues that the relative affluence of the South East, traditionally home to British finance and commerce, is hereby unquestioned in both per capita terms or as a proportion of the national average. Rubenstein points out that: “the majority of non-landed wealth owners were men employed in finance and commerce.” His analysis of millionaires and half-millionaires in Britain shows that more fortunes were made in commerce and finance than in the manufacturing industry.

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106 Ibid. p. 57
107 Ibid. p.60
108 Chapman, Stanley *Merchant Enterprise in Britain. From the Industrial Revolution to World War I*, p.3
110 Rubenstein, W. D. *Men of Property. The Very Wealthy in Britain since the Industrial Revolution*, p.70
111 As quoted in Chapman, Stanley *Merchant Enterprise in Britain. From the Industrial Revolution to World War I*, p.2
112 Lee, C. H. *The British economy since 1700. A macroeconomic perspective*, Table 7.3, p.131
113 Shown in Chapman, Stanley *Merchant Enterprise in Britain. From the Industrial Revolution to World War I*, Table 0.2, p.2
Cain and Hopkins also highlight that the fortunes accumulated by industrialists did not compare with those derived from land and from the financial and service sector. They thus emphasise the importance of this third group, which accumulated a large amount of wealth through trade and finance. This is further underlined by the fact that manufacturers relied increasingly on the worldwide system of distribution organised and financed from London. O’Brien agrees when he underlines that “[…] the role of merchants in organising, coordinating, and sustaining commerce between the metropolitan centre and the ports, town, naval bases, forts, settlements, mines, plantations, farms and fisheries of a far-flung Empire and Britain’s networks for international trade can hardly be overstated.”

To define a ‘merchant’ is not easy, since this could describe almost anyone who buys and sells goods. Braudel makes a distinction between tradesmen or dealers and merchants, based in English ports and engaged in the long distance trade. The merchant hereby clearly stands out from the mass of ordinary dealers, representing the top of the commercial hierarchy as he handles the big international transactions of the day, which in turn require a large pool of capital. Likewise, the merchant’s enterprises pose problems of definition, as they often engaged in a wide range of financial and transportation services. Geoffrey points out that “[…] it can be purely arbitrary if a firm is classified as a trading company or something else, such as a merchant bank or a shipping company.” While shops and peddlers increasingly specialized, the top-level merchant, at least until the nineteenth century, virtually never restricted himself to exclusively handling a single product, or even to a single activity, as he could as well become a ship chandler, an underwriter, a lender, a borrower, a financier, a banker or an agricultural manager. Due to the conjectural attributes of capitalism, flexibility to shift from one sector to another could substantially enhance profits. In some cases, money trading represented an exception and, as their roles advanced, merchants specialised in

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116 Chapman, Stanley *Merchant Enterprise in Britain. From the Industrial Revolution to World War I*, p.3
117 Braudel, Fernand *Afterthoughts on Material Civilization and Capitalism*, pp.57-8
118 Jones, Geoffrey *Merchants to Multinationals. British Trading Companies in the Nineteenth and Twentieth Centuries*, p.1
119 Braudel, Fernand *Afterthoughts on Material Civilization and Capitalism*, p.59; Braudel adds ‘manufacturer’ (in quotation marks) to this list but as has been noted, investment in industry only significantly increased to surpass agriculture in the 1820s. See Cain, P.J., Hopkins, A.G. *British Imperialism. 1688-2000*, p.74
120 Braudel, Fernand *Afterthoughts on Material Civilization and Capitalism*, p.61
financing or insuring trade and loans rather than trading on their own account.  

Braudel does however not attribute long-lasting success to this type of specialisation until the period of 1830-60: “[…] when banks grabbed up everything, both industry and merchandise, and when the economy in general was strong enough to support this edifice permanently.”

It has become clear that large amounts of capital were required to engage in what can be summarised under the banner of ‘production’ services and that the mercantile elite, along with the landed aristocracy, represented the top-wealth of the country. Herein lay the deal which had at its heart the creation of the military fiscal state financed through the national debt and successfully waging war in Europe and abroad, acquiring a vast Empire and continuing to exist through centuries, leaving the loss of mainland colonies to the side, negotiating the transition to free trade and avoiding revolution in 1848. This is not to simplify the many interrelated developments contributing for example to victory or defeat of war, but it serves to outline a systemic development that was to characterise the British military fiscal state: the creation of what Cain and Hopkins termed ‘gentlemanly capitalism’. The deal in its simplest form comprises a trade-off between the capital of the service sector and the political power of the aristocracy. Webster explains that: “London’s merchants and bankers enthusiastically availed themselves of the profitable opportunities in lending to government, confident in the state’s commitment of tax revenues to servicing the national debt.”

This led to an increasing dependency: through the national debt, mercantile elite’s financial interests thus were joined to that of the post-1688 regime. The result was not only a financial collaboration that fuelled the political power of the mercantile elites, but also their integration into the ranks of gentility, further merging the two social elites into a somewhat coherent group of what Cain and Hopkins called ‘gentlemanly capitalists’. Those who made their fortune in manufacturing however, were hereby largely excluded and are instead represented through what can be labelled ‘industrial capitalism’.

The social concept of gentility was old in origin: the idea of the gentleman is feudal in its inspiration and deeply rooted in the British system, albeit evidently changing and shifting.

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121 Jones, Geofrrey Merchants to Multinationals. British Trading Companies in the Nineteenth and Twentieth Centuries, p.23
122 Braudel, Fernand Afterthoughts on Material Civilization and Capitalism, p.62
123 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.75
124 Ibid. p.77
125 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.14
through time. Such an evolution of the notion of gentility makes it difficult to pin-point its exact meaning but its main social qualities remained stable through time and can be used as a reverence point.\textsuperscript{127} Cain and Hopkins summarise these through a code of honour which placed duty before self-advancement while acting on Christian rules of conduct. The acquisition of highly held social and religious values required young gentlemen to pass through a long process of education and thus presupposed the possession of substantial wealth.\textsuperscript{128} Clark points out that the elite schools such as Eton and Westminster were playing a distinct social role in preparing their pupils to take their place within an aristocratic world of values: “nowhere else in Europe was school education so important to the structure of the elite’s code.”\textsuperscript{129} More so, the gentlemanly lifestyle required sufficient time to practice the gentlemanly arts, also obtained through this distinguished education. While income was needed, working directly for money was associated with dependence and cultural inferiority.\textsuperscript{130} Such a perspective explains that the world of production was held in low repute and a wide distance was sought from the mundane world of producing commodities, while aiming for the higher calling of directing others.\textsuperscript{131} Viewed from such an angle, traditional accounts of what constitutes the cultural development of capitalism, often associated with protestant work ethics in a Weberian sense, seem to stand in contrast with the gentlemanly values and lifestyle.\textsuperscript{132} Cain and Hopkins themselves mention that while Weber recognises the generally higher status accorded to propertied wealth and the greater power and authority which it commanded, his categories need modifying to allow for the fact that some forms of ‘entrepreneurial wealth’ were closer to the gentlemanly ideal than others. The service sector and its relative distance from the actual process of production, thus presents itself more naturally as a gentlemanly occupation than manufacturing.\textsuperscript{133} The concept of gentlemanly capitalism allowed the gentlemanly values, and with it the old aristocratic system of the landed elite, to leave feudal structures behind and live on through occupations in the service

\begin{footnotes}
\item[127] Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.38
\item[128] Ibid. p.38
\item[129] Clark, J.C.D. \textit{English Society 1688-1832. Ideology, social structure and political practice during the ancient regime}, p.103
\item[130] Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.38
\item[131] Ibid. p.39
\item[132] Max Weber’s \textit{Protestant Ethic and the Spirit of Capitalism} was published in 1904 and was followed by an intensive debate that remains influential today. It looks at the cultural aspects concerning causes for the prosperity of Holland and England in the seventeenth century and the economic decline of Spain and Italy, suggesting a relationship between the Reformation and economic progress. Braudel discards Weber’s theory, arguing that the northern countries plainly took over what had been developed in the old capitalists centres of the Mediterranean. The rise of Atlantic trade hereby led to a shift of economic centres. See Braudel, Fernand \textit{Afterthoughts on Material Civilization and Capitalism}, pp.66-7; For a detailed account of Max Weber theories see Turner, Stephen (ed.) \textit{The Cambridge Companion to Weber}
\item[133] Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.40
\end{footnotes}
Their indirect relationship to the productive forces, and therefore also to an increasingly class conscious workforce, allowed gentlemanly capitalists to present themselves more easily as natural leaders. Adam Smith description of the nobleman’s natural ability to lead is hereby exemplary:

His air, his manner, his deportment, all mark that elegant and graceful sense of his won superiority, which those who are born to inferior status can hardly arrive at: these are the arts by which he proposes to make mankind more easily submit to his authority, and to govern their inclinations according to his own pleasure: and this he is seldom disappointed. These arts, supported by rank and preheminence, are, upon ordinary occasions, sufficient to govern the world.

The nineteenth century gentleman therefore constitutes a compromise between the needs of the landed interests, whose power was in decline, and the aspirations of an expanding service sector. The incorporation of the mercantile elites not only represents the need of serving the national debt, but also allowed the aristocracy to retain and further establish their place within the development of the capitalist system which is often misleadingly characterised entirely by processes of industrialisation. The development of gentlemanly capitalism was, of course, a slow and gradual process. Nevertheless, Cain and Hopkins observe that by the 1850s a clear distinction could be drawn between gentlemanly and industrial capital. The former hereby not only set the cultural tone, but was closer to the centre of power and represented the dominant influence upon the expression of that power overseas. Black agrees when he states that: “in practice, important mercantile interests generally enjoyed easy access to ministers and officials, and this was assumed to be necessary and normal.”

Through time, inter-marriage, the acquisition of titles and the purchase of land, greatly contributed to the emergence of the landed and the monied elites. By the second half of the 18th century the younger sons of landed families, aided through the patronage system, increasingly found employment in the service sector. It became acceptable for younger sons of aristocrats to take posts in the colonies, including placements arranged by the East India Company, or to take on apprenticeships at leading merchant houses. At the same time, the growth of the mortgage market further fuelled the growing interconnection of landed and monied elites, as mortgages

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134 Ibid. p.39
135 Ibid. p.51
136 Smith, Adam The Theory of Moral Sentiments, p.91 as quoted in Clark, J.C.D. English Society 1688-1832. Ideology, social structure and political practice during the ancient regime. p.102
137 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.47
138 Ibid. p.72
139 Ibid. p.32
140 Black, Jeremy Trade, Empire and British Foreign Policy, 1689-1815. The politics of a commercial state, p. 55
141 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p73
became the recognised means of obtaining credit on the security of land. All these developments highlight that the fortunes of the magnates who made the revolution of 1688 and those of the merchant bankers who underwrote it, became increasingly entwined both in regard to the national interest and in matters of personal finance. By the close of the 18th century, the monied interest was accepted into the ranks of gentlemen and in Cain and Hopkins words: “Bankers became gentlemen not least because gentlemen needed bankers.”

II. 1. c. Landed Power and Monied Interest: the Empire

Cain and Hopkins link the developments in Britain to the expansion of the British Empire, whereby gentlemanly capitalism essentially constitutes the driving force or the ‘impulse’ of British imperialism. ‘Gentlemanly capitalists’ were mainly based in the City of London which had emerged as the financial and commercial hub of the system. From London, trade and finance was organised and the geographical as well as social proximity to the political power of the metropolis further fuelled the establishment of the City as a main port from which the imperial system was managed and exported. The influence of the City and the forces thrown up by the financial revolutions gave great impetus to overseas trade through improved credit facilities, through the expansion of the mercantile marine, powerfully supported by the Navigation Acts, and through advanced forms of commercial capitalism, such as the East India Company with its close links to Westminster and its predominantly City based investors. Webster summarises that overseas possessions such as in the Americas or India were important sources of profit for London financiers, thus helping to secure funding of the national debt. This view describes the roots of a self-perpetuating system of military fiscalism exported abroad: the defence of Empire required military strength in the colonies, which in turn necessitated high revenues to meet defence costs.

Trade provided the profits for the financiers of the national debt, the British Empire in turn allowed for such trade to be conducted on favourable conditions. While manufacturers needed a vent for their surplus products, merchants profited from handling their goods and dealing.

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142 Ibid. p.73
143 Ibid. p.73
144 Ibid. p.74
145 Ibid. p.55
146 Ibid. p.70
147 Ibid. p.88
148 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.15
with the re-export trades. The home government indirectly gained from enlarged custom duties, the landed could therefore enjoy favourable tax treatment, and finally, the investors of the national debt returns increased when borrowing and interest rates rose.\textsuperscript{149} Trade increased nearly six times during the course of the eighteenth century, but it also took a somewhat change of direction.\textsuperscript{150} Cain and Hopkins show that, while in 1700-1 Britain traded 82 per cent of its home-produced exports with continental Europe, this share fell to 40 per cent in 1772-3. Imports from Europe declined from 68 per cent of the total, to 47 per cent during the same period. This fundamental re-orientation of British commerce is further underlined when looking at Europe’s share of Britain’s total overseas trade, dropping from 74 per cent in 1723-27 to 33 per cent in 1803-7.\textsuperscript{151} In comparison, Morgan also identifies a market shift by looking at the transatlantic sector. His numbers show that at the beginning of the eighteenth century, Europe still dominated British overseas trade: in 1700-1, the colonies of the New World accounted 11 per cent of the value of British exports and for 20 per cent of imports. By 1797-8, North America and the West Indies received 57 per cent of British export and supplied 32 per cent of imports.\textsuperscript{152} An important aspect of the development of British and European trade was, of course, provided by the Empire and European imperial aspirations and rivalries. Morgan explains that by 1776, Britain’s Atlantic Empire consisted of thirteen colonies in North America, the Canadian maritime provinces of Newfoundland, Quebec, Labrador and Nova Scotia, the Hudson Bay’s territory and a cluster of Caribbean islands. Additionally, there was substantial English trade with Asia via the East India Company, followed by territorial expansion in India, mainly in Bengal, as well as English voyages to the Pacific, leading to white settlement in Australia in 1788.\textsuperscript{153} Before analysing the British Empire in more detail however, it is important to understand the reasons for its specific outline. Examining Britain’s reorientation of trade in the eighteenth century will hereby provide insights into the development of British imperial policy.

In order to explain the intertwined developments leading to such a reorientation of trade, geopolitical as well as economic reasoning should be considered. Britain’s geographical and political position within a European context shows that the inability to control European continental trade, as well as the threat by the emergence of any large single power there, led to

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\item \textsuperscript{149} Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.88
\item \textsuperscript{150} Chapman, Stanley \textit{Merchant Enterprise in Britain. From the Industrial Revolution to World War I}, p.22
\item \textsuperscript{151} Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.90
\item \textsuperscript{152} Morgan, Kenneth \textit{Slavery, Atlantic Trade and the British Economy, 1600-1800}, p.18
\item \textsuperscript{153} Ibid., p.6
\end{thebibliography}
a concentration overseas. Cain and Hopkins explain that by the middle of the eighteenth century, Britain had therefore capitalised on its geographical location by building up a naval power. They describe that a strong command of the sea was meant to prevent France from blocking Britain’s trade with the continent and frustrate any attempt of invasion. While Britain continued to seek allies in Europe, especially among the smaller states that were conscious of their vulnerability in regard to their larger neighbours, its advantages lay in its long-serving blue water policy and overseas.  

Harley agrees that “in the eighteenth century imperial wars, Britain adopted a ‘blue water strategy’ that exploited its island position. The navy protected the British Isles from invasion and harassed French trade, while the British subsidised continental allies to fight land campaigns against France.” Britain maintained a wartime fleet of between 185 and 350 vessels in the first half of the eighteenth century and could establish supremacy over the combined fleets of France and Spain. However, the ‘blue water strategy' was expensive: fleets required greater and more sustained outlays than armies and subsidies to continental allies required large amounts of cash at short notice. While Britain’s island position therefore turned a great part of its attention away from Europe and towards other parts of the world, again, it was also the country’s superior ability to borrow and tax that provided it with an advantage over its rivals. It thus becomes clear that the re-orientation of trade and the resulting blue water strategy plays a significant role in the development of gentlemanly capitalism: its consequence was to elevate the standing of those who supported it, so that in time they became defenders of the national interest and not merely advocates of sectional advantage in regard to for example favourable trading conditions.

When looking at what can be labelled economic explanations of Britain’s re-orientation of commerce, an important factor is that Britain faced difficulties to increase sales of British manufactures (mainly woollens) in Europe which resulted in a search for new markets. Sollow explains that: “By the eighteenth century France, Germany, and Austria began to supply their own woolen textiles needs, and traditional British export markets faltered.”

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154 Cain, P.J., Hopkins, A.G. *British Imperialism. 1688-2000*, p.89
155 Harley, C *Knick Trade, Discovery, Mercantilism and Technology* in Floud, Roderick and Johnson, Paul (eds.) *The Cambridge Economic History of Modern Britain. Volume I. Industrialisation 1700-1860*, p.196
156 Morgan, Kenneth *Slavery, Atlantic Trade and the British Economy, 1600-1800*, p.16
158 Cain, P.J., Hopkins, A.G. *British Imperialism. 1688-2000*, p.89
159 Ibid. p.90
160 Solow, Babara L. und Engerman, Stanley L. *British capitalism and Caribbean Slavery. The Legacy of Eric*
an era in which competition drove their products from Europe, the markets of the new world kept British woolworkers employed.\textsuperscript{161} Additionally, Britain saw an import-led increase in demand for new colonial products such as sugar, tea and tobacco, which was further driven by the rise of incomes in London and south-east England, derived from wealth generated from farming, finance and services.\textsuperscript{162} While import consisted heavily of tropical primary staple products, they were paid for by exports of manufactured goods and the earnings from shipping and other international services.\textsuperscript{163} According to Cain and Hopkins: “the import bill was met partly by pushing manufactures into new corners of the world, and partly by capturing the re-export trade, that is by selling colonial products in continental Europe.”\textsuperscript{164} Re-exports represented an important source of income as they accounted to one-third of the value of all exports during the first three quarters of the eighteenth century.\textsuperscript{165} New markets for manufactures, an increase of demand for colonial products and the re-export trade thus gave Britain a central position in a multilateral trading system developing in the seventeenth and eighteenth century, underlining the British role in the transaction sector. Yet, Chapman reminds us that: “the British Empire was not built up simply […] as the opportunity for off-loading surplus manufactures; it is to be seen rather as a long term and continuous aspect of the strategy of British mercantile capitalism.”\textsuperscript{166}

Trade developed in the context of mercantilist regulations of the British Empire and while economic and geographic realities play an important role in its ascent to hegemony, it would simplify matters to depict its development as something comparable to an accident resulting out of such conditions. This ties in with debates over how much economic development owes to lucky geographical endowment or to a specific institutional set up. There is a long and distinguished line of theorizing that emphasises the role of geography - and therefore climate, endowment of natural resources, disease burden, transport costs, and diffusion of knowledge and technology from more advanced areas - when analysing the difference of economic growth rates world-wide.\textsuperscript{167} The view that climate has a direct effect on income through its

\textsuperscript{162} Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.90
\textsuperscript{163} Harley, C Knick \textit{Trade, Discovery, Mercantilism and Technology} in Floud, Roderick and Johnson, Paul (eds.) \textit{The Cambridge Economic History of Modern Britain. Volume I. Industrialisation 1700-1860}, p.185
\textsuperscript{164} Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.90
\textsuperscript{165} Ibid. p.90
\textsuperscript{166} Chapman, Stanley \textit{Merchant Enterprise in Britain. From the Industrial Revolution to World War I}, p.13
\textsuperscript{167} Rodrik, Dani, Subramanian, Arvind, Trebbi, Francesco \textit{Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development}, p.2
influence on work effort, dates back to Machiavelli (1519) and Montesquieu (1748) but recent works in this traditions include those by Jared Diamond and Jeffrey Sachs.\textsuperscript{168} Explanations that centre on the role institution for economic development on the other hand, stress the importance of property rights and the rule of law: “In this view, what matters are the rules of the game in a society and their conduciveness to desirable economic behaviour.”\textsuperscript{169} Most notably, North examined the contribution of institutional developments to economic growth throughout history, outlining that the design of state and formalized property rights played an important role in shaping economic change.\textsuperscript{170} The dispute about geography versus institutions however, is not so much about whether geography affects economic development, but more so, whether it effects economic development through the formation of institutions or via other channels.\textsuperscript{171}

Rodrik et al. state the obvious: long-term economic development is a complex phenomenon and the idea that any single determinant can provide an adequate explanation of centuries of economic history therefore seems almost absurd. Historians and many social scientists prefer more balanced explanations where geographic and institutional factors interact with human choices and many other not-so-simple twists and turns of fate.\textsuperscript{172} In regard to the development of the British Empire, O’Brien’s hereby provides a good summary: “Favourable natural endowments, proto-industrialisation, an enterprising community of merchants, and the construction of responsive financial institutions enabled the expansion of trade and Empire to take place.”\textsuperscript{173} More so, in the context of analysing the concept of gentlemanly capitalism, a substantial degree of emphasis simply has to be put on the importance of agency. This does not mean to discredit and/or ignore the contributions of conditions that lie outside the possibility of human influence, such as for example Britain’s island position, which impact

\textsuperscript{168} Acemogul, Daron, Johnson, Simon, Robinson, James A. Reversal of Fortune : Geography and Institutions in the Making of the Modern World Income Distribution, p.14-5; Sachs (p.1) reviews the development challenges faced by economies situated in tropical climates and stresses that regions that are temperate or have access to sea-based trade have a considerable advantage over regions that are tropical or land locked. Diamond (p.22) does not support climate theory in this sense but argues that the timing of the Neolithic revolution has had continuous effects on economic and social development. See Diamond, Jared M. Guns, Germs and Stee: The Fates of Human Societies, p.22 and Sachs, Jeffrey D. Tropical Underdevelopment , p.1

\textsuperscript{169} Rodrik, Dani, Subramanian, Arvind, Trebbi, Francesco Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development, p.1

\textsuperscript{170} Helpman provides a summary of North’s work, see Helpman, Elhanan The Mystery of Economic Growth, p.113; See also North, Douglass C. Structure and Change in Economic History; North, Douglass C. Institutions, Institutional Change, and Economic Performance

\textsuperscript{171} Helpman, Elhanan The Mystery of Economic Growth, p.128

\textsuperscript{172} Rodrik, Dani, Subramanian, Arvind, Trebbi, Francesco Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development, p.2

economic development. Yet, main focus lies in analysing imperial policy through individual agency, which fuelled the British trading system. Magee and Thompson are of the opinion that economic systems do not arise by accidents but that “their creation, evolution and maintenance are contingent upon an array of government and individual actions.”\(^\text{174}\) Cain and Hopkins underline that imperialism is to be seen as an act of will, therefore emphasising the conscious intentions of the actors concerned in order to make appropriate allowance for the role of individual agency in imperialism.\(^\text{175}\) Their approach also lends little support to the view that events and episodes normally included in the history of imperialism can be described solemnly as random incidences: while accidents happen, their occurrence in clusters or on a global scale indicates the possibility of underlying causes, which in themselves are not accidental.\(^\text{176}\) This brings us back to their argument that imperialism is to be seen as a process transmitting impulses from a particular source of energy, which in turn is described by Cain and Hopkins through the concept of gentlemanly capitalism.\(^\text{177}\) Having established the importance of the role of agency into the history of imperialism, it is now time to look at how such as a system was to be enforced and thus successfully established an Empire that was to resume a hegemonic position in world trade. Individual agency within the British Empire will be discussed through the intertwined relations of governmental policies, trading practices and social relations within the British Empire.

From a governmental perspective, the fear of instability after the revolution in 1688 brought about centralising tendencies leading to the incorporation of Scotland by the Act of Union in 1707, marked by the process of creating a protestant community.\(^\text{178}\) The already incorporated Welsh were subject to renewed anglicising influences and Ireland was placed under the management of Anglo-Irish protestant gentry.\(^\text{179}\) Abroad, the mainland colonies were put under firmer direction of the board of trade.\(^\text{180}\) In order to create artificial ties between the colonies and Britain, the Navigation Acts, which were powerfully supported by the mercantile marine, represent an important part of British imperial policy that connected the mother

\(^{174}\) Magee, Gary B., Thompson, Andrew S. Empire and Globalisation. Networks of People, Goods and Capital in the British World, c. 1850-1914, p.11
\(^{175}\) Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.54
\(^{176}\) Ibid. pp.54-5
\(^{177}\) Ibid. p.55
\(^{178}\) Brown, Keith M. Scottish Identity in the seventeenth century in Bradshaw, Brendan, Roberts, Peter (eds.) The Seventeenth Century in British Conciousness and identity. The making of Britain, p. 236
\(^{179}\) Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.92
\(^{180}\) Ibid. p.92
country to its colonies. The five acts passed between 1651 and 1696 provided a large protected market for British manufactures within the Empire, confining oceanic trade with the mother county mainly to British owned vessels and by prohibiting the manufacture of various products in the colonies. Additionally, all colonial and European commodities had to be shipped to Britain or a British colony with an exception for certain enumerated commodities, including rice, tobacco, sugar, indigo and naval stores, which could be exported outside the British Empire after first being landed at a British port. The Navigation Acts thus stimulated various re-export trades and encouraged Britain to become an entrepôt for importing colonial staples. Harley points out that British ship owners and merchants expanded under the shelter they provided from competition. These systems of protectionism involved placing tariffs on foreign produced wares, on the one hand providing income for the British military fiscal state, and on the other hand protecting the interests of traders and merchants within the British Empire.

The Navigation Acts were not only essential for the development of British economic power, they also represent an example par excellence for the forces behind the British military fiscal state. While the navy was to protect their enforcement, the profiteers are among the commercial community of London, which handled import and exports as well as re-export trades. They are in turn among those investing in the national debt, which was created in order to fund military endeavours such as the navy and protect the interest of the landed elites from various threats at home and abroad. Additionally, the great economic interest of the aristocratic classes, namely agriculture, was tended to through the Corn Laws, which provided aid through export bounties at times of low domestic price and duties that protected from cheap imports of agricultural products. Policies such as the Navigation acts and the Corn laws, which lasted until the mid-nineteenth century, thus describe a governmental policy that was to protect the interests of merchants and aristocracy alike and show that their shared

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181 Harley, C Knick Trade, Discovery, Mercantilism and Technology in Floud, Roderick and Johnson, Paul (eds.) The Cambridge Economic History of Modern Britain. Volume I. Industrialisation 1700-1860, p.185
182 Morgan, Kenneth Slavery, Atlantic Trade and the British Economy, 1600-1800, p.13
183 Ibid. p.13
184 Ibid. p.14
185 Harley, C Knick Trade, Discovery, Mercantilism and Technology in Floud, Roderick and Johnson, Paul (eds.) The Cambridge Economic History of Modern Britain. Volume I. Industrialisation 1700-1860, p.185
186 Morgan, Kenneth Slavery, Atlantic Trade and the British Economy, 1600-1800, p.14
188 Harley, C Knick Trade, Discovery, Mercantilism and Technology in Floud, Roderick and Johnson, Paul (eds.) The Cambridge Economic History of Modern Britain. Volume I. Industrialisation 1700-1860, p.188
189 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, pp.159, 52
interests weren’t confined to the boundaries of the state but more so extended to British foreign policy and fuelled the creation of the British Empire.

While favourable laws provided the possibility and more so the profitability of trade within the Empire, it is now time to investigate the various forms in which such trade was to be conducted. This in turn leads back to the innovations of the financial revolution, often adopted from the Dutch, which fuelled long-distance trade and thus boosted the British service sector.

Cain and Hopkins remind us that:

The early eighteenth century saw the expansion of the East India Company and the South Sea Company, the two great companies which shares formed a sizeable part of the stock market, the growth of Lloyds as the international centre for underwriting, and the formation of new insurance companies, such as the Sun Fire Office (1708) and the Exchange Assurance Company (1720).

As a consequence, improvements of credit and commercial services boosted the shipping industry and promoted overseas trade. Geoffrey explains that merchant enterprise, trading goods and services between communities, extends back thousands of years and is thus the oldest form of international business. Between the sixteenth and eighteenth century however, large integrated firms known as ‘chartered trading companies’ such as the British and the Dutch East India Company or the Hudson’s Bay Company, which have sometimes been regarded as the first ‘modern’ multinationals, traded between Europe and the rest of the world. The Dutch East India Company had innovated its business structure already in 1612, shifting its organisation from adventures in individual voyages to a company with permanent capital that was not redistributed to investors at the end of each voyage. The British closely followed such innovations in order to obtain the ability to mobilise large capital for long distance trade. As a joint-stock company the East India Company thus represented the emergence of that category of business organisation in which capital was partially separated from its ownership; the need to arrange decisions and operating procedures, outlining the relations between the company’s entrepreneurial groups and the investing public, meant that its corporate activities were strongly linked to the British national economic life, and to that of the City in particular, through the capital market.

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190 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.68
191 Ibid. p.68
192 Jones, Geoffrey Merchants to Multinationals. British Trading Companies in the Nineteenth and Twentieth Centuries, p.2
194 Chaudhuri, K.N. The English East India Company in the 17th and 18th centuries: a pre-modern multinational organisation in Tuck, Patrick Trade, Finance and Power. Volume IV, p.85
While the Dutch company controlled Java and the Spice islands, the British East India Company had to relocate to India, where it flourished on the basis of military strength and a trading monopoly provided by the British government. Such a monopoly essentially meant that for more than a century the state effectively vested a group of merchants with semi-sovereign rights abroad. These enormous concessions indicate that the development of the British East India Company is somewhat exemplary for the growing integration of commercial interest and state policy, as well as the continuous need of servicing the national debt. Until the mid-eighteenth century Britain’s interests in India, represented by the East India Company, were almost exclusively commercial. However, the Company ran into difficulties in the 1720s fuelled by the break up of the Mughal Empire and the threat of French competition. The search for new revenues and the continuous aim to improve profitability led to an attempt to restructure trade relations, resulting in two important military initiatives in the second part of the eighteenth century: the capture of the city of Surat, which gave Britain a commanding position over the West coast, and the conquest of the region of Bengal. Thereafter the quest for revenues to pay for military costs became a permanent one and thus distorted the East India Company’s commercial operations. With growing debts in the 1770, the government was drawn into the task of controlling the organisation and, as a result, of managing India too. The search for new revenue and the extension of financial credit also fuelled the expansion into the New World. The main difference hereby was that in North America the British were facing the challenge of young states that were being build up, while in India they ran into ancient Empires that were breaking down. The imperial administrations in both, India and the Americas, reflected the military fiscalism of the metropolitan regime: like Britain itself, many colonies were governed militaristic

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195 Harley, C Knick Trade, Discovery, Mercantilism and Technology in Floud, Roderick and Johnson, Paul (eds.) The Cambridge Economic History of Modern Britain. Volume I. Industrialisation 1700-1860, p.177
196 Chaudhuri, K.N. The English East India Company in the 17th and 18th centuries: a pre-modern multinational organisation in Tuck, Patrick Trade, Finance and Power. Volume IV, p.83
197 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.93
198 Ibid. p.93
199 Ibid. p.93
200 Ibid. p.93
201 Ibid. p.93; it has been suggested that the move into India was a product of new industrial forces in Britain. Cain and Hopkins (p.94) counter such arguments on the basis that trading interests were more directed at Indian manufactures than British ones. Instead, they urge to see expansion in India as the result of competition between two military-fiscal organisations, one represented by the Mughals and their successor states, and the other being the company and the British government. They (p.94) argue that: “The outcome was strongly influenced by the military resources that the two were able to mobilise, and this in turn depended largely upon finance.” See Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.94
202 Ibid. pp.94-5
administrations represented by the landed elite and working closely with local British commercial interests. Webster summarises that: “Defence of Empire required military strength in the colonies, which in turn necessitated high revenues to meet military costs.”

Finally, it is time to once more scrutinize the agents involved, this time looking at their attitudes and attributes in regard to Empire. This also requires an understanding of the thinking patterns of the past. Cain and Hopkins describe that the agents of imperialism, namely gentlemanly capitalists, “[…] normally believe that they represent a superior power, ideologically as well as materially, and their actions are driven on by a sense of mission which embraces, legitimizes and uplifts their private ambitions.” On the one hand, the political principals of the British system were exported abroad in the form of for example property rights, individualism, free markets and sound money. On the other hand, Britain’s representatives abroad shared the values and social origins of their counterparts in the metropole. Magee and Thompson explain that British migrants abroad not only reaffirmed, but often thought to improve upon the communities they left behind and that the notion of ‘Britishness’ could be a powerful motivating ideology capable, with racially defined limits, of joining people together across the Empire. Cultural practices, such as for example the importation of British games and entertainments, sought to foster a continuing sense of attachment to Britain. Supported by missionaries, gentlemen abroad transmitted the Anglican version of the Christian message, closely entwined with economic orthodoxy, and implemented what Cain and Hopkins provocingly call ‘the world’s first comprehensive development programme’.

In extending the ideology of mission, the project of imperialism was rendered patriotic and thus had an effect on the British national identity itself. O’Brien writes that over the long eighteenth century the national identity of Britons was gradually reordered to sustain a stronger imperialistic impulse, which made it easier to mobilize the forces of the Crown and to appropriate the money required in order to confront Britain’s rivals for trade and Empire.

203 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.15
204 Ibid. p.15
205 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.54
206 Ibid. p.48
207 Magee, Gary B., Thompson, Andrew S. Empire and Globalisation. Networks of People, Goods and Capital in the British World, c. 1850-1914, pp.31-33
208 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.48
209 Ibid. p.56
210 O’Brien, Patrick Inseparable Connections: Trade, Economy, Fiscal State and the Expansion of Empire, 1688-
Imperialism thus became an integral part of the configuration and expression of British society and played a vital role in maintaining privilege and property at home in an age of social upheaval.\textsuperscript{211} The gentlemanly elites, for whom the Empire provided substantial income flows, hereby represent the driving force behind imperialist enterprise.\textsuperscript{212} According to Cain and Hopkins, it is no coincidence that the most persuasive images of imperialism were those which projected gentility rather than industry and did not embrace the industrial centres of Birmingham or Manchester.\textsuperscript{213} While industrialists were engaging in the class struggle at home, the representatives of the service sector were what Cain and Hopkins call the ‘advanced guards of capitalism abroad’.\textsuperscript{214} On the one hand they shared the values and language of the political elite, on the other hand they came in contact with potential clients, customers and producers abroad and thus created a network on which producers in Britain heavily relied on.\textsuperscript{215}

It has been outlined that the industrial interests were not incorporated into the alliance between finance and land with manufacturers remaining political ‘outsiders’ in the determination of policy.\textsuperscript{216} Yet, during the second half of the eighteenth century, the economic and political arrangements which had followed the 1688 settlement, was running into difficulties: rivalries with other colonial powers such as the French and the Dutch were starting to take its toll and while Britain emerged as a winner out of the Seven Years War, high military costs resulted in increased tax burden not only in Britain but throughout the Empire.\textsuperscript{217} The coming of peace in 1763 led to a British determination of strengthening its grasp on the mainland colonies, resulting in tightened mercantilist regulations in order to increase revenues and limit the independent economic development of the colonies. Such treatment was perceived as unjust by the colonists and ultimately fuelled the revolt of the American colonies in the 1770s.\textsuperscript{218} The Asian trade saw the East India Company running into greater financial difficulties in the 1770s and 1780s, leading to a modification of the

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\textsuperscript{1815} in Marshall P.J. (ed.) The Oxford History of the British Empire Vol.II. The 18\textsuperscript{th} Century, p.70
\textsuperscript{211} Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, pp.56-7
\textsuperscript{212} Ibid. p.57
\textsuperscript{213} Ibid. p.56
\textsuperscript{214} Ibid. p.56
\textsuperscript{215} Ibid. p.56
\textsuperscript{216} Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.16
\textsuperscript{217} Ibid. p.15
\textsuperscript{218} Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.95
\end{flushleft}
company’s monopoly of Indian trade in 1793 and finally its abolition in 1813.\textsuperscript{219} Cain and Hopkins write that:

It was at this point that uncertainties about the shape of future economic policy came to the surface. The debate over the renewal of the East India Company’s charter in 1813, for example, provides a rare insight into the split within the City at this time between those who supported the company and the regulative system in general, and those who were eager to abolish restrictions and to open up new opportunities.\textsuperscript{220}

Yet, they urge to see such developments in North America and India only as modifications to a protectionist system and not an early move towards free trade. The regime had responded with a series of piecemeal reforms from the 1770s onwards,\textsuperscript{221} but Harley explains that while the 1780s saw administrators beginning tentatively to simplify and rationalise the customs, this did not change the basic philosophy of the system.\textsuperscript{222} Only after 1815, with the Napoleonic war’s having pushed levels of taxation to alarmingly high levels,\textsuperscript{223} the role of Empire was further adjusted, albeit again slowly and hesitantly.\textsuperscript{224} The French Revolution of 1789 contributed significantly to the elite’s fear of instability and social unrest,\textsuperscript{225} and the period coincided with rapid industrialisation, with the resulting urbanisation altering British society.\textsuperscript{226} The free trade movement, spearheaded by Adam Smith, gained momentum and the mercantilist system which had fostered Britain’s role in world trade through its vast Empire, was increasingly under ideological attack. Finally, the repeal of the Corn Laws in 1846 was seen as a great symbol in the dismantling of the restrictions of eighteenth century mercantilism.\textsuperscript{227}

On first sight, this seems to show an increase in power of the industrial and manufacturing interest, with free trade symbolising a new form of power arising through industrial development. Indeed, such a shift in policy signifies the start of a certain decline of landed influence but Cain and Hopkins urge their readers to see that it is the City, as the centre of a dynamic service economy, that was the leading beneficiary of the reforms initiated after 1815.\textsuperscript{228} O’Brien writes that “with the costly exception of the War of American

\begin{footnotesize}
\begin{enumerate}
\item Ibid. p.97
\item Ibid. p.82
\item Webster, Anthony \textit{Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890}, p.15
\item Harley, C Knick \textit{Trade, Discovery, Mercantilism and Technology} in Floud, Roderick and Johnson, Paul (eds.) \textit{The Cambridge Economic History of Modern Britain. Volume I. Industrialisation 1700-1860}, p.188
\item Webster, Anthony \textit{Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890}, p.15
\item Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.97
\item Webster, Anthony \textit{Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890}, p.15
\item Harley, C Knick \textit{Trade, Discovery, Mercantilism and Technology} in Floud, Roderick and Johnson, Paul (eds.) \textit{The Cambridge Economic History of Modern Britain. Volume I. Industrialisation 1700-1860}, p.187
\item Ibid. p.187
\item Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.86
\end{enumerate}
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Independence, there is no evidence that their [the Hanoverian statesmen’s] strategic policies did anything other than to assist British merchants to achieve the dominant position in global commerce they occupied after Waterloo.229 While the manufacturing interest was a strong supporter of free trade as a means of creating markets and cutting costs, the decline of the landed interests did not deliver economic policy into the hands of representatives of the British industry.230 Webster also underlines that while a more liberal environment benefited the new class of industrialists in northern Britain, it was not created by them.231 More so, as other European states followed the route of industrialisation in the second half of the nineteenth century, industry was exposed to growing competition from abroad.232 While Britain’s export industries therefore started to feel the pressure of foreign competition, the City took spectacular advantage of the growth of international trade and Britain’s reputation for financial security and sound management: financing the economic development of many parts of the non-European world through the capital raised in London, the gentlemanly capitalists of the City rose to new heights of wealth and political influence.233 Free trade destroyed the old colonial system, but it elevated the City even further, creating a new form of imperialism and representing the start of a gradual demise of the landed aristocracy.234 Through overseas investment, Britain and the City interests started to presume the leadership of a global economy, rather than merely a colonial one.235 Cain and Hopkins underline that: “from the middle of the nineteenth century, the main area of growth was the service sector, and the most rapidly developing region was the South East. […] After 1850, as one form of gentlemanly capitalism began to fail another rose to take its place.”236

While such developments serve to outline the continuing, and more so increasing, importance of the City and its associates in the service sector, this paper aims to analyse its growing influence through the period of 1688 until 1850. This timeframe was chosen in order to give an overview of the incipiencies of the developments in England and its Empire through the theory of gentlemanly capitalism, and the resulting influences of the service sector on the British imperial economy. This is, of course, a huge endeavour and it remains important to

231 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.16
232 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.87
233 Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890, p.16
234 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.102
235 Ibid. p.87
236 Ibid. pp.102-3
keep in mind that by describing such developments, historical progress is not to be simplified through a linear narrative. O’Brien points out that “narratives dealing with particular reigns, cabinets, wars, and campaigns will expose how unplanned, fortuitous, contingent, and even chaotic Britain’s climb to hegemony had really been.” In analysing the long period between 1688 and 1850, emphasis is however put on structural conditions that carried Britain, its economy, and its Empire forward through time. After having outlined the gentlemanly capitalism paradigm, an important and interesting challenge remains in testing the gentlemanly capitalism paradigm against specific examples which incorporate local conditions in the periphery and provide insights into more time-specific developments of the British Empire. Excellent studies have been provided on the influences of gentlemanly capitalism on different world regions in order to evaluate the importance of the service sector in Britain and abroad. Analysing gentlemanly capitalism through a product however, will provide the opportunity to entangle relations between the spheres of production and that of services while underlining global interdependence beyond regional restrictions.

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238 See for example Webster, Anthony Gentlemen Capitalists. British Imperialism in South East Asia 1170-1890 or White, Nicolas Gentlemanly capitalism and Empire in the twentieth century: the forgotten case of Malaya, 1914-1965 in Dumett, Raymond E. (ed.) Gentlemanly Capitalism and British Imperialism. The New Debate on Empire; Cain and Hopkins have, of course, themselves analysed vast world regions such as South America, tropical Africa or the white settler dominions, see Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000
II. 2. Commodity Chains and the Service Sector

This part of the paper aims to show that, if the concept of commodity chains is modified to integrate the value of services, it provides a suitable analytical framework for critically reviewing the gentlemanly capitalism paradigm. The role of the service sector will be explored through a tangible product, therefore allowing room for the analysis of interrelated activities of production and services. The appliance of an analytical political economy tool on the other hand, establishes the means for the comparative analysis of the concept of gentlemanly capitalism without temporal or spatial constraints. Furthermore, exploring the gentlemanly capitalism paradigm through commodity chains works twofold: both concepts will benefit from such collaboration. The recognition of the importance of services for the ascent of the economy of the first industrial nation also sheds new light on debates concerning development. Acknowledging that services have played an integral part in the development of Britain and its Empire and do not just represent a product of post-industrial society, clearly has implications for traditional industry-centric accounts of development. Before discussing the incorporation of services into commodity chains in more detail however, it is important to give an overview of the concept, as well as its potentials and shortcomings.

II. 2. a. Commodity Chain Analysis: An Overview

The term ‘commodity chain’ dates from a 1977 article by Terrence Hopkins and Immanuel Wallerstein and thus has its origins in world system theory, providing a research agenda that should orient the world-systems program. The aim was hereby to differentiate the understanding of capitalism’s territorial scope from the orthodox way of explaining the global

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239 The article called Patterns of Development of the Modern World System appeared in a journal named Review, published by the Fernand Braudel Center for the Study of Economies, Historical Systems, and Civilizations at the State University of New York-Binghamton. See Bair, Jennifer Global Capitalism and Commodity Chains: Looking Back, Going Forward, pp.154-5; Fischer and Parrenreiter (pp.108-9) give a more detailed account of the development of chain based research, identifying a wide range of variations, each dealing with different issues as well as demonstrating different methods and theoretic concepts: in the 1960s and 1970s the idea of a chain approach was developed in order to provide recommendations for raw material exporting countries. The concept was then adapted by the French filière approach where it was used to research the agricultural production in the colonies and in order to argue the necessity to base French industrial policy along a complete commodity chain. Likewise, Michael Porter (1985) used the term ‘value chain’ to explore the potentials of stronger competitiveness of firms. While many strategic development studies dealt with options of ‘industrial upgrading’ and ‘industrial learning’, the concept of commodity chains did however gain its critical-analytical meaning through world system analysis and was finally defined by Hopkins and Wallerstein (p.159) as “a network of labour and production processes whose end result is a finished commodity” in Hopkins, T., Wallerstein, I. Commodity chains in the world-economy prior to 1800, p. 159; for the above description of the development of chain based research see Fischer, Karin, Parrenreiter, Christof Globale Güterketten und Produktionsnetzweke – ein nicht staatenzentrierter Ansatz für die Entwicklungsökonomie in Becker, Joachim, Imhof, Karin, Jäger, Johannes et al. (eds.) Kapitalistische Entwicklung in Nord und Süd. Handel. Geld. Arbeit. Staat, p. 108-9
economy, which usually describes an evolution from national markets towards an expansion of foreign trade in international markets.\textsuperscript{240} Instead, the process of globalisation is viewed in a different light, with the authors stating that they:

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[...] \text{start with a radically different presumption. Let us conceive of something we shall call, for want of a better conventional term, 'commodity chains.' What we mean by such chains is the following: take an ultimate consumable item and trace back the set of inputs that culminated in this item - the prior transformations, the raw materials, the transportation mechanisms, the labor input into each of the material processes, the food inputs into the labor. This linked set of processes we call a commodity chain.}\textsuperscript{241}
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This conception allows for an analysis of economic activity beyond national boarders through modelling production processes in the global economy. Mainstream economics usually have been analysing large-scale commodity flows through international trade theories which in general assert that, in an international economy, economic development emerges from whatever absolute, comparative or competitive advantages a country may have. The basic assumptions underpinning these (neo-) classical trade theories therefore represent a state-centric spatiality.\textsuperscript{242} Similarly, social sciences have for a large part evaluated political and economic data from the perspective of the state as the unit of analysis.\textsuperscript{243} Yet, the geographies of trade are far more complex than only ‘one step’ trade between producers in one country and consumers in another and an ever-rising share of intra-firm trade reveals that the underlying supposition that nation states are the spatial actors controlling the global economy is equally indefensible.\textsuperscript{244} Rather, Hopkins and Wallerstein propose to view the world system as a unit in its entirety which determines the framework for social interaction. In doing so, world system analysis underlines the contradiction between the global organisation of production, fuelled by the growth of the capitalist world economy, and the splitting of the system into smaller political units called nation states, representing the geopolitical order of

\textsuperscript{240} Bair, Jennifer \textit{Global Capitalism and Commodity Chains: Looking Back, Going Forward}, p.154
\textsuperscript{241} Hopkins, Terrence, Wallerstein, Immanuel \textit{Patterns of Development of the Modern World System}, p.128
\textsuperscript{242} Brown, Ed, Derudder, Ben, Parreiter, Christof et al. \textit{World City Networks and Global Commodity Chains: towards a world-systems’ integration}, pp.13, 17
\textsuperscript{243} Bair, Jennifer \textit{Globaler Kapitalismus und Güterketten. Rückblick und Ausblick} in Fischer, Karin, Reiner, Christian, Staritz, Cornelia (eds.) \textit{Globale Güterketten. Weltweite Arbeitsteilung und ungleiche Entwicklung}, p.27
\textsuperscript{244} Derudder, B., Witlox, F. \textit{World Cities and Global Commodity Chain: an Introduction} in Derudder, B, Witlox, F. \textit{Commodity Chains and World Cities}, p.2; ‘intra-firm trade’ hereby describes cross-boarder trade between transnational corporations (TNC) and their affiliates. Most countries collect few data on intra-firm trade and statistics are therefore almost exclusively available for the US. However, the OECD states that intra-firm trade in 2009 accounted for around 30% of US goods exports and 48% US goods imports and that this share has stayed relatively unchanged over the past ten years, representing a substantial proportion of US trade. For more information on inter-firm trade see Lanz, R., Miroudot, S. \textit{Inter-firm Trade. Patterns, Determinants and Policy Implications}, pp.5-6
individual countries.\textsuperscript{245} The explicitly transnational approach of world system theory describes the critical spatiotemporality of world space through core–periphery structuring, represented by continuous capital accumulation. It thereby focuses attention on value creation and the spatial dynamics of uneven development.\textsuperscript{246}

Commodity chain analysis has expanded from an exclusively world-system approach, and more recent variants of chain research are represented by the concept of Global Commodity Chains (GCC), marked by Gary Gereffi and his colleagues,\textsuperscript{247} as well as the concept of Global Value Chains (GVC). Yet, these types of commodity chains still provide a methodological tool to analyse core-periphery relations on a transnational level: through their ability to map the international division of labour, they enable to study the operation of the global economy beyond the territorial confines of the nation state.\textsuperscript{248} Instead, dynamics of a given chain are determined and analysed through the input–output structure of the nodes or chain segments, their geographical location, institutional and socio-political framework, and their governance or control structure.\textsuperscript{249} The governance structure is hereby a significant factor as it gives the commodity chain its hierarchical and unequal character. Humphrey and Schmitz refer to governance as “[…] the inter-firm relationships and institutional mechanisms through which non-market coordination of activities in the chain takes place”.\textsuperscript{250} Without governance, a chain would therefore just constitute a string of market relations: the governance structure describes power relations existing along the chain, investigating which actors are most able to control various aspects of the production process.\textsuperscript{251} The relationships between such actors located at different points in the commodity chain, and its illustration through the governance

\textsuperscript{245} Bair, Jennifer *Globaler Kapitalismus und Güterketten. Rückblick und Ausblick* in Fischer, Karin, Reiner, Christian, Staritz, Cornelia (eds.) *Globale Güterketten. Weltweite Arbeitsteilung und ungleiche Entwicklung*, p.27
\textsuperscript{246} Brown, Ed, Derudder, Ben, Parreiter, Christof et al. *World City Networks and Global Commodity Chains: towards a world-systems’ integration*, p.13
\textsuperscript{247} Gary Gereffi and Miguel Korzeniewicz edited the first manuscript-length publication of commodity chains which appeared in 1994 under the name of *Commodity Chains and Global Capitalism*, containing a number of papers which have been presented at the 16th annual conference on the Political Economy of the World-System at Duke University in April 1992. The most widely cited and influential of these chapters was Gary Gereffi et al., laying out a framework for the study of what they called Global Commodity Chains (GCCs) which thereafter produced a substantial body of empirical research. See Bair, Jennifer *Global Capitalism and Commodity Chains: Looking Back, Going Forward*, p.155
\textsuperscript{248} Ibid. p.156
\textsuperscript{249} Brown, Ed, Derudder, Ben, Parreiter, Christof et al. *World City Networks and Global Commodity Chains: towards a world-systems’ integration*, p.18
\textsuperscript{250} Humphrey, John, Schmitz, Hubert *Governance in Global Value Chains*, p.1
\textsuperscript{251} Ibid. p.3
structure, allows the study of how value that is created through the chain is appropriated and/or distributed, and thus transferred from periphery to core.\textsuperscript{252}

Acknowledging that the process of production of all types of commodity chains is marked by power asymmetries, the most powerful actors within a chain are hereby often described as ‘lead firms’, controlling how and which human, material and financial resources are employed within a given chain. Additionally, Gereffi further expanded on the concept of governance by distinguishing two typical forms though the division of producer-driven (PDCC) and buyer-driven (BDCC) commodity chains.\textsuperscript{253} PDCC generally represent capital- and technology intensive industries such as automobiles, aircraft, computers, semiconductors and heavy machinery, in which large, usually transnational manufacturers play a central role in coordinating, and thus often controlling, large parts of the chain. BDCC on the other hand describe often far-flung decentralised production networks, which are managed with varying degrees of closeness by designers, retailers and branded manufacturers. This usually concerns labour-intensive consumer goods such as garments, footwear, toys, house wares, consumer electronics and a variety of handicrafts, typically produced in the periphery, and supplied through contractors that make finished goods for foreign buyers.\textsuperscript{254}

An often unacknowledged difference between the commodity chain approach of world-system analysis and that of more recent strands of research such as GCC and GVC lies however in each group’s conception of development, as well as the timeframe applied, further indicating a different view regarding the novelty of processes of globalization.\textsuperscript{255} Clearly, world-system scholars don’t perceive trans-state, geographically extensive, commodity chains as a recent phenomenon, but they are viewed as an integral part of the functioning of the capitalist world-economy which beginnings they generally allocate to the long sixteenth century.\textsuperscript{256} The GCC camp on the other hand is usually of the opinion that globalization is better understood as a contemporary phenomenon, describing the fragmentation of production processes and their geographic relocation on a global scale in ways that slice through national

\textsuperscript{252} Bair, Jennifer Global Capitalism and Commodity Chains: Looking Back, Going Forward, p. 159
\textsuperscript{254} Gereffi, Gary Shifting governance structures in global commodity chains, with special reference to the internet, pp.1618-9
\textsuperscript{255} Bair, Jennifer Global Capitalism and Commodity Chains: Looking Back, Going Forward, pp.154,157
\textsuperscript{256} Wallerstein, Immanuel Introduction to special issue on commodity chains in the world economy, 1590 to 1790, p.2
boundaries.257 This approach often tries to identify contemporary opportunities to improve the situation of specific actors within individual chains through what has been called ‘upgrading’ and thus aims to contribute to the process of development on regional and national levels.258 World-system scholars however, do not view commodity chains as a set of sequential value adding activities that are best understood as the opportunities confronting firms to pursue the objectives of progressing along the chain. Instead, this tradition of commodity chain research aims for an understanding of how the totality of relationships that constitute overlapping and interlocking commodity chains reflect core-periphery relations, which are determined not by particular mixes of activities, but by the systemic outcome of the struggle over the benefits of the world division of labour.259 Bair argues that contra the macro and holistic perspective of the world-systems approach, GCC, and even more so its newest variant Global Value Chains (GVC), have become increasingly analytically oriented towards the meso level of sectoral dynamics and/or the micro level of firm upgrading.260

The world system tradition therefore does not share such analytical emphasis on upgrading or national development: acknowledging that mobility within the world system is possible, as individual countries pursue different paths of development, relevance from a world system perspective stems from the reproduction of a hierarchically-structured global capitalist

257 Gereffi, Gary Beyond the producer driven/buyer driven dichotomy: the evolution of global value chains in the internet era, p.31-2
258 Gereffi (p.39) outlines that upgrading “[…] involves organisational learning to improve the position of firms or nations in international trade networks.” The term ‘industrial upgrading’ has been used in economic theory in order to describe the process of nations developing comparative advantages in capital and skill intensive industries as their human and physical capital becomes more abundant relative to labour and the endowments of other countries. Ciccantell et al. (pp.3-4) explain that such a view on upgrading typically focused on the efforts of non-core nations to industrialize based on textiles, electronics, and other consumer goods manufacturing for sale in core markets. However, Gereffi (p.39) emphasises that the opportunity to upgrade does not arise to a random set of capital- or skill-intensive industries or activities, but rather to products that are organisationally related to lead firms in GCC. Access to such lead firms is therefore a necessary condition for the attempt to successfully participate in global markets. According to Bair (p.165), upgrading in this sense thus means improving a firm’s position within the chain, generally associated with increased competitiveness that allows for the capture of greater value-added through the production process. Ciccantell et al. (p.367) outline that this can be translated into policy prescriptions for individual actors in the hope to raise the value of local transformation, capture more of the surplus/profits from the chain, and ultimately promote economic development. Bair (p.165) hereby identifies the following types of upgrading: intra-chain or functional upgrading, which means a firm is moving up the same chain from a more marginal position by increasing the range of functions performed; product upgrading, therefore producing more sophisticated goods with higher unit prices; process upgrading through improving technology and/or production systems; and inter-chain upgrading, meaning to move from one industry to another. See Gereffi, Gary International Trade and industrial upgrading in the apparel commodity chain, p.39; Ciccantell, Paul, Smith, David A. Rethinking Global Commodity Chains: Integrating Extraction, Transport, and Manufacturing, p.367; Bair, Jennifer Global Capitalism and Commodity Chains: Looking Back, Going Forward, p.165
259 Bair, Jennifer Global Capitalism and Commodity Chains: Looking Back, Going Forward, p.171
260 Ibid. p.154
The most recent concept of chain research, Global Value Chains (GVC), has distanced itself even more from such theoretical origins, often paying little explicit attention to the underlying theoretical model of world-systems analysis and the long-term historical processes that shape the creation and evolution of these chains.\textsuperscript{264} Instead, GVC research focuses on finding ways to leverage the insights of the GCC approach into effective policy interventions.\textsuperscript{265} The development of the GVC paradigm stemmed from a desire to create a research community comprised of scholars studying the global economy through network- or chain based approaches such as the GCC or several others.\textsuperscript{266} This initiative began working together in 2000 and describes itself as “[…] a loose network of researchers, activists, and policymakers that seeks to consolidate and foster the GVC perspective […] It is an ongoing effort to test and develop the GVC perspective with the aims of creating greater analytical precision, intellectual impact and policy relevance.”\textsuperscript{267} The emphasis on practical policy application and upgrading opportunities is clearly established when stating that the goal of GVC research is

\textsuperscript{261} Ibid. p.157
\textsuperscript{262} Brown, Ed, Derudder, Ben, Parreiter, Christof et al. \textit{World City Networks and Global Commodity Chains: towards a world-systems' integration}, p.21
\textsuperscript{263} Hopkins, Terrence, Wallerstein, Immanuel \textit{Patterns of Development of the Modern World System}, p.117
\textsuperscript{264} Ciccantell, Paul, Smith, David A. \textit{Rethinking Global Commodity Chains: Integrating Extraction, Transport, and Manufacturing}, p.364
\textsuperscript{265} Bair, Jennifer \textit{Global Capitalism and Commodity Chains: Looking Back, Going Forward}, p.160
\textsuperscript{266} Ibid. p.162; Bair hereby also points out that there are several ways to study globalisation through a network- or chain-based approach. Additionally to the study of GCC, other research programs include for example international production networks, global production networks, global production systems and the French filière concept.
\textsuperscript{267} Global Value Chain Initiative \textit{About us} http://www.globalvaluechains.org/aboutus.html, last accessed 10\textsuperscript{th} of May 2012; Despite a substantial amount of research, Bair (p.162) explains that nominal differences in terminology had made systematic comparison difficult and analogous developments across distinct sectors therefore may have been obscured. The initiative aimed at eliminating these differences and according to Gereffi (p.3) the value chain approach was favoured over alternative concepts such as commodity chains “[…] because it was perceived as being the most inclusive of the full range of possible chain activities and end products.” See Bair, Jennifer \textit{Global Capitalism and Commodity Chains: Looking Back, Going Forward}, p.162; Gereffi, Gary, Humphrey, John, Kaplinsky, Raphael et al.. \textit{Introduction: Globalisation, Value Chains and Development}, p.3
“[...] to develop more effective tools for policymakers and activists seeking to alleviate poverty through sustainable industrial upgrading and employment creation.”

This part of the paper aimed to give a brief overview of the possibilities to study commodity chains, and the development of chain research through time. Bair points out that the different approaches to commodity chains may be seen to represent three generations of chain research since they roughly succeed each other in a temporal ordering, with the original commodity chain concept dating from the 1980s, the GCC framework being elaborated in the 1990s, and the GVC variant becoming more popular in recent years. Such a generational schema would however be misleading: the literature overlaps and work in all three traditions of chain research continues, including some by scholars who have been influenced by, and whose present research references, more than one of these frameworks. Wallerstein and Hopkins feature prominently in Gereffi and Korzeniewicz (eds.) ‘Commodity Chains and Global Capitalism’ and Gereffi in turn is co-organizer of the Global Value Chain initiative. It is therefore important to be aware of these different strands of commodity chain research: positioning research in regard to these different approaches may help to clarify perspective and aim; yet, this does not necessarily mark a clear break from every other given approach.

II. 2. b. Shortcomings of Commodity Chain Research

Dedicating a whole section to the shortcomings of commodity chains does not mean to dispute the usefulness of the concept. Quite the opposite is the case; it can be argued that commodity chains, and their ability to study the global economy beyond the conventional state-centric spatiality, have contributed greatly to an understanding of economic globalisation, outlining structures of how power and control is exercised, and thus value is created, in global industries. The more recent GCC and GVC approaches have further produced a substantial amount of empirical research on production networks of a wide variety of industries. Going beyond academic analysis, such research has often been successfully applied, for example by creating accountability in global industries through the demand that

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269 Bair, Jennifer Global Capitalism and Commodity Chains: Looking Back, Going Forward, pp.163-4
270 A list of such research including a variety of industries such coffee, cotton, horticulture, apparel & textiles, automobiles, computers, electronics, footwear, furniture, timber, tourism, surgical instruments, and many more, can be found at Global Value Chains. Publications Listing http://www.globalvaluechains.org/form_search_publications.php?sort=Date&like=&exact=&col=&log=&iter=0, last accessed February 29th 2012
lead firms take responsibility for what happens in the factories of their suppliers and subcontractors around the world.\textsuperscript{271} While the GCC framework remains to have a more sociological orientation, GVC research now substantially influences business literature.\textsuperscript{272} Its ability to inform policy debates about the best way for developing countries to access and benefit from their participation in foreign markets has made the GVC framework an attractive tool for international organisations such as the UN and the WTO.\textsuperscript{273} While appreciating these contributions of the different strands of commodity chain research, as well as their development towards practical approaches, such successes also underline a need to critically evaluate, and at times maybe improve, the concept of commodity chains. This part will thus discuss possible improvements and their implications on researching Cain and Hopkins’s account of British imperialism through commodity chains.

As outlined, the development of commodity chains, GCC and GVC has had several implications for research, moving from a more holistic and descriptive analysis of the capitalist world economy, towards an increasingly sectoral and practical approach of development and firm upgrading. This move away from the world system origin of chain research and the increasing emphasis on upgrading, has to some extend been a source of criticism. While Wallerstein warns that “the only thing we have to fear is looking too narrowly”\textsuperscript{274}, Rammohan and Sundaresan criticise the upgrading discourse in its recent form for exactly doing that. They urge to consider the concept of upgrading from a broader perspective that goes beyond the ‘economic’ component of development and includes social

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\item[271] Bair, Jennifer \textit{Global Capitalism and Commodity Chains: Looking Back, Going Forward}, p.161
\item[272] Ibid. p.154
\item[273] Ibid. pp.161–2; An example provides the Global Forum of Trade Statistics, which was organized jointly by the United Nation Statistics Division (UNSD) and the Statistical Office of the European Communities (Eurostat) in collaboration with the World Trade Organization (WTO) on 2\textsuperscript{nd} to 4\textsuperscript{th} February 2011 at the WTO in Geneva and featured approximately 200 policy makers, economists and trade statisticians. The forum represents an ongoing project with the aim to improve the measurements of trade statistics by 2020 and the study of GVC hereby features prominently, with the forum stating that: “Generally, we should make everyone aware of the fragmentation of the production process and move the measurement of it forward. Researchers, who use the conceptual framework of ‘global value chains’ need better industry-specific classifications for final and intermediate goods trade and need data on business practices at the level of the outsourcing of business functions.” It is interesting to note that great emphasis is hereby put on the measurement of intermediate services in the study of GVC. This shows an awareness of the importance of the service sector within such chains, albeit in relation to “an increasing fragmentation of production” and thus in an exclusively contemporary context. See \textit{Global Production, Manufacturing Services and Outsourcing of Business Functions} Global Forum of Trade Statistics, UNSD, http://unstats.un.org/unsd/trade/globalforum/global-value-chains.htm, last accessed April 28\textsuperscript{th} 2012. A list of publications that deal with GVC through the Global Forum of Trade Statistics can be found at \textit{Global Value Chains and outsourcing of business functions} Global Forum of Trade Statistics, UNSD, http://unstats.un.org/unsd/trade/globalforum/gvc.htm, last accessed April 28\textsuperscript{th} 2012
\item[274] Wallerstein, Immanuel \textit{Production Networks and Commodity Chains in the Capitalist World Economy} in Bair, Jennifer (ed.) \textit{Frontiers of Commodity Chain Research}, p.89
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implications such as for example the living conditions of workers in the periphery or gender-based division of labour. More careful attention needs to be paid to the question of who the process of upgrading benefits, since efforts to upgrade of specific firms do not automatically translate into improvements of working conditions. The move away from holistic analysis towards a discourse of upgrading, often remaining on the level of the individual firms in the context of a particular value chain, may also lead to underemphasise other actors as well as the broader institutional regulative contexts in which the chain is embedded.

While commodity chains provide a useful tool to overcome state-centric perceptions that may blur an accurate outline of global economic structures, this does not imply that institutions or regulations do not yield influence over the structure of a chain and that (transnational) firms have become the central actors in regard to development processes. The debate revolving around the importance of institutions for economic development, which has been outlined in part II. 1. c., therefore continues, albeit in modified form, when discussing the framework of commodity chains. Bair explains that GCC and GVC literature often doesn’t pay much attention to the government as potential facilitators (or inhibitors) of development, instead concentrating on lead firms as agents of upgrading. Such chain literature does not necessarily express scepticism or hostility towards the state, but the aim of growth via market-driven global integration often places little emphasise on state intervention. While this is an aim in its own right, and may represent a suitable approach given commodity chains inherently transnational character, it should be acknowledged that regulatory mechanisms, particularly trade policy, shape the geography and configuration of many commodity chains in the global economy.

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275 Rammohan, K. T., Sundaresan, R. *Socially embedding the commodity chain: an exercise in relation to coir yarn spinning in Southern India*, p.906

276 Bair, Jennifer *Global Capitalism and Commodity Chains: Looking Back, Going Forward*, p.166-7; Fischer et al. (p.17) warn that there is a tendency to view the concept of ‘upgrading’ as a universal path of development rather than acknowledging that it represents one in many options that can result from the participation in commodity chains. They hereby refer to a study conducted by UNCTAD in 2007 which analysed the development of 24 commodity chains in the 50 least developed countries (LDCs) worldwide within the timeframe of 1995-2005. The results were rather bleak since, viewed from the perspective of LDCs, only seven chains were subject to upgrading while downgrading could be identified within twelve commodity chains. See Fischer, Karin, Reiner, Christian, Staritz, Cornelia (eds.) *Globale Güterketten. Weltweite Arbeitsteilung und ungleiche Entwicklung*, p.17

277 Ibid. p.168

278 Bair, Jennifer *Global Capitalism and Commodity Chains: Looking Back, Going Forward*, p.16


280 Ibid. p.174
national and supranational level by institutions and regulations.\textsuperscript{281} Gereffi also points towards the importance of state action as a variable shaping the organisation of enterprises within commodity chains and suggests that state policies significantly affect the organisation of commodity chains at each of its networks and nodes.\textsuperscript{282} A trans-national perspective should thus not exclude continuous institutional influences, but rather provides an opportunity to analyse them beyond national boarders in regard to different segments of the chain. Bair states that “[…] we would benefit from research focusing on the broader political-economic environment in which chains operate, including the institutional and systemic factors that shape commodity chains and condition the outcomes associated with them.”\textsuperscript{283} 

An analysis of the importance of the British military fiscal state through a commodity chain approach, naturally calls for a broad perspective that includes institutional contexts and other exogenous factors influencing the commodity chains. However, Peter reminds us that:

Overly broad generalizations about longterm changes in social and natural processes (industrialization, imperialism, colonialism, neo-colonialism, globalization, etc.) typically conceal as much as they explain. Even the fairly specific concept of “late 19th and early 20th century British imperialism” meant very different things for the how and why of creating new states after the Second World War in India and Nigeria […]\textsuperscript{284}

Herein lays a possible strength of commodity chain research: while the whole chain can, and should, be analysed within the broad context in which it is embedded, each single node and segment of the chain can offer very particular and case specific insights. Like it is the case with the global-local nexus, where commodity chains allow us to analyse transnational forces and their regional influences, the combination of micro and macro dimensions of chain research has the ability to test broad concepts against specific cases. This makes the commodity chain approach such an attractive analytical political economy tool in order to research Cain and Hopkins’s account of British imperialism and gentlemanly capitalism: these broad systemic concepts can be investigated within different commodity chains beyond regional and time restrictions, further encompassing different forms of Empire (such as for

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\item \textsuperscript{281} Fischer, Karin, Reiner, Christian, Staritz, Cornelia (eds.) \textit{Globale Güterketten. Weltweite Arbeitsteilung und ungleiche Entwicklung}, p.16; an example provide the international textile agreements which were implemented through GATT/WTO between 1974 to 2005 such as the Multi Fibre Arrangement (MFA). A complex system of quotas hereby restricted the market access of low income imports to protect the interests of the old industrial countries. A mechanism of tariff escalation meant that tariffs increased according to the product’s degree of processing, therefore favouring suppliers represented at lower levels of commodity chains. See Komlosy, Andrea \textit{Welmarktextilien. Globale Güterketten im historischen Wandel} in Fischer, Karin, Reiner, Christian, Staritz, Cornelia (eds.) \textit{Globale Güterketten. Weltweite Arbeitsteilung und ungleiche Entwicklung}, p.83
\item \textsuperscript{282} Gereffi, Gary, Korzeniewicz, Miguel (eds.) \textit{Commodity Chains and Global Capitalism} (eds.), pp.9-10
\item \textsuperscript{283} Bair, Jennifer \textit{Global Capitalism and Commodity Chains: Looking Back, Going Forward}, p.154
\item \textsuperscript{284} Ciccantell, Paul, Smith, David A. \textit{Rethinking Global Commodity Chains: Integrating Extraction, Transport, and Manufacturing}, pp.364-5
\end{itemize}
example white settler or purely ‘extractive’ colonies) and labour forms (for instance slave or peasant labour).

Analysing the gentlemanly capitalism paradigm also calls for an inclusion of other exogenous influences of commodity chains: social factors, such as the role of ethnicity and shared social backgrounds and values, may also be explored within the concept. Gereffi explains that within GCCs, kinship and ethnic identity appear as crucial social resources that can be deployed in order to gain or sustain a competitive edge. Various commodity chains have successfully explored how social components can shape different commodity chains. Xiangming Chen for example suggested that the structure of investment in mainland China by enterprises in Hong Kong and Taiwan was significantly shaped by pre-existing ties based on kinship. Gellert’s analysis of Indonesia’s participation in the timber commodity chain shows how an oligopoly of timber-producing firms that forged an alliance with the state created an industrial association that effectively ‘upgraded’ Indonesian firms along the chain from exporting timber to manufacturing plywood. Gellert argues that the ability of Indonesia to become a major exporter in the global (particularly Japanese) timber market reflects the patron-client relationship between a politically well-connected industrialist, Mohammad ‘Bob’ Hassan, and President Suharto. Cain and Hopkins’s gentlemanly order in Britain and abroad, or Magee and Thompson’s imperial networks of settler societies, can thus be illustrated within global commodity chains.

The analysis of the British military fiscal state and its imperial policies, fuelled through what Cain and Hopkins call gentlemanly capitalism, clearly necessitates a broad approach to commodity chains which acknowledges the role of institution as well as social factors. This is in line with Bair’s call for an expansion of the scope of analysis to encompass the regulatory mechanisms, market institutions and structural properties of capitalism that affect the configuration and operation of commodity chains, as well as the developmental outcomes.

285 Gereffi, Gary, Korzeniewicz, Miguel (eds.) Commodity Chains and Global Capitalism (eds.), p.9
286 Xiangming Cheng The New Spatial Division of Labour and Commodity Chains in the Greater South China Economic Region in Gereffi, Gary, Korzeniewicz, Miguel (eds.) Commodity Chains and Global Capitalism, p.172
287 Quoted in Bair, Jennifer Global Capitalism and Commodity Chains: Looking Back, Going Forward, pp.169-170; See also Gellert, P. Renegotiating a timber commodity chain: lessons from Indonesia on the political construction of commodity chains
associated with them. Yet, Cain and Hopkins’s analysis of British development centres on the importance of its service sector. They argue that the first industrial nation was as much a service as a commodity producing economy, and that the structural element of British political and economic power stemmed from an alliance of the established wealth of the old aristocracy with the London based service sector. Vries outlines that:

In early modern mercantile capitalism – as I would claim in all capitalism – big profits are not made in producing something but in buying and selling it and in finance [...] even in the nineteenth century, the first industrial nation normally had a deficit of balance of trade that was more than compensated by its income from services and by income from foreign assets.

Viewing the commodity chain framework as a methodology for studying the dynamics and consequences of a capitalist world economy therefore calls for an explicit integration of the service sector within research. Brown et al. argue that a “[…] specific limitation in Global Commodity Chain research is that the empirical scope of analysis has been somewhat limited, with the majority of studies focusing on a number of primary commodities and industrial sectors.” Despite an early call for exploring the ‘service-sector nexus’, already featuring a chapter within Gereffi’s et al. ‘Commodity Chains and Global Capitalism’, services have not been analysed particularly effectively in commodity chain research. Brown states that it is perhaps the most crucial omission in chain literature, that little attention has been paid to understanding the role of service intermediaries or ‘producer services’ in setting up and sustaining global networks of production. The critical role of financial services in the various stages of the production cycle, has indeed gained little or no recognition in commodity chain analysis. Part II. 2. c. will therefore look at possibilities to, and implications of, effectively integrating services into commodity chain research.

II. 2. c. Services in Commodity Chains

The absence of services within commodity chains has been criticised and their importance for the functioning of any given commodity chain has been noted. Yet, empirical studies treating services within commodity chains remain limited. Services offer key inputs ranging from the

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289 Bair, Jennifer *Global Capitalism and Commodity Chains: Looking Back, Going Forward*, p.171
290 Cain, P.J., Hopkins, A.G. *British Imperialism 1688-2000*, p.51
291 Vries, Peer *The California School and beyond: How to Study the Great Divergence?*, p. 15
292 Bair, Jennifer *Global Capitalism and Commodity Chains: Looking Back, Going Forward*, p.170
293 Brown, Ed, Derudder, Ben, Parreiter, Christof et al. *World City Networks and Global Commodity Chains: towards a world-systems’ integration*, p.19
294 Ibid. pp.19-20
295 Ibid. pp.19-20
296 Ibid. pp.23-4
initial lending of capital, to transportation, insurance and marketing. They provide the linkages between the segments of production within a commodity chain, as well as bind together the spheres of production and circulation. In short, services therefore integrate and coordinate production processes. It has been argued, that a quantitative augmentation in trade, capital flows and direct investments also led to an increase in the need of services. In this view, the globalisation of production has led to an increasing proportion of transactions being of cross-boarder nature. The rise of transactional intensity and internationalization of production depends upon a very high level of coordination which, in turn, is achieved by service activities. The argument therefore is that service activities can no longer be considered to provide merely auxiliary linkages in (global) commodity chains, but are integral to the coordination and operation of such chains. This argumentation already outlines that the call for an integration of services in commodity chains is almost exclusively restricted to chain research within the GCC or GVC camp. Discussions advocating the importance of services in commodity chains, often offering valuable insights, almost always stress this to be a recent phenomenon. Brown et al. write for example that “One of the features of the contemporary world economy is that ‘services’ are becoming more and more important.”

Two interrelated discourses need to be discussed when looking at this line of reasoning: one regards the question of the novelty and salience of globalisation which, as has been briefly explained, represents somewhat of a disjuncture between the world system origins of commodity chains and the GCC and GVC variant. The second point regards the novelty and salience of the importance and value of services.

Globalisation can be defined in its briefest form, as meaning the causes and consequences of developments of interdependence and interconnectedness of societies and states. There is a tendency to assume that globalisation is deepening, not least because of recent and rapid advances in transport and communications which have transformed the speed, and often lowered the cost, of human correspondence and travel. Magee and Thompson argue

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297 Ibid. p.23
298 Rabach, Eileen, Kim, Eun Mee Where is the Chain in the Commodity Chain? The Service Sector Nexus in Gereffi, Gary, Korzeniewicz, Miguel (eds.) Commodity Chains and Global Capitalism, p.123
299 Dunning, John H. Governments-Markets-Firms: Towards a New Balance?, p.3
300 Rabach, Eileen, Kim, Eun Mee Where is the Chain in the Commodity Chain? The Service Sector Nexus in Gereffi, Gary, Korzeniewicz, Miguel (eds.) Commodity Chains and Global Capitalism, p.124
301 Brown, Ed, Derudder, Ben, Parreiter, Christof, Pelupessy et al. World City Networks and Global Commodity Chains: towards a world-systems' integration, p.14
303 Ibid. p.2
however, that while cutting-edge technology such as today’s electronic and news media can provide the means for greater integration, there is a growing recognition that the roots of globalisation extend back in time.\textsuperscript{304} The progress of globalisation can therefore been traced through distinct phases, the latest of which may be more inclusive than its predecessors, but which is by no means completely distinct from them.\textsuperscript{305} Extensive commodity chains may thus be traced back in time and have existed over centuries. This does of course not mean to contest the effects of improvements in technology on the integration of such chains. Rather, it proposes to see such improvements within an expanded timeframe: the increasing size of shipping since the 1400s has had tremendous effects on commodity chains which subsequently became progressively global.\textsuperscript{306} While Dutch shipbuilders led this process of technological innovation from the 1500s, British shipbuilders became global leaders in naval shipbuilding technology in the 1600s and then pioneered the development of steamships in the 1800s for both military and bulk shipping purposes.\textsuperscript{307} Likewise, developments in communication technologies also helped to shape the evolution of the capitalist world economy, evolving from the use of trading agents sending letters on sailing ships to steamships, undersea telegraph cables, telephones, satellite communications, and the internet, organizing the movement of millions of tons of goods around the world every day.\textsuperscript{308} Such technologies have been providing access to, and control over, key pieces of information and therefore represented tremendous competitive advantages to Dutch traders, British shippers and manufacturers, imperial armies, and a variety of other groups over the course of the evolution of the capitalist world-economy.\textsuperscript{309}

Describing the process in transportation and communication as a driving force of global integration, and further as an important factor for the competitiveness of ascending nations, already hints towards the second point: like globalisation, the importance of services is not novel. Rather, as has been described in part II. 1, service activities such as transportation and finance, which are inextricably linked to each other in their development through the need to raise capital for long distance trade and war, have provided the means which helped Britain on its path to hegemony. Information, transmitted through improved communication

\textsuperscript{304} Ibid. pp.2-3
\textsuperscript{305} Ibid. p.3
\textsuperscript{307} Ibid. p.373
\textsuperscript{308} Ibid. p.374
\textsuperscript{309} Ibid. p.374
technology, hereby represents a further competitive advantage in the facilitation of such
service activities. But how and why do commodity chains provide a medium that allows for
the analysis of services, and therefore questions conventional views of (national) development
and post-industrial society? Gereffi argues that (Global) Commodity Chains challenge the
hierarchical distinction between raw material production, industry and services.\(^{310}\) He points
out that:

A GCC approach ultimately allows us to critically evaluate theoretical concepts that have hitherto prevailed in
the comparative study of development, and that are deeply embedded in conventional analysis and vocabulary.

Two such concepts, national development and industrialisation, have become increasingly problematic in
facilitating an understanding of emerging patterns of social and economic organization.\(^{311}\)

It has already been discussed that the inherently transnational approach of commodity chains
can overcome often misleading concepts of national spatiality and therefore integrate other
non-state actors into the notion of development. Furthermore, an understanding of the
organisation and transformation of commodity chains that centres on patterns of competition
and innovation also has the capability to question the juxtaposition that equals development
with industrialisation. The commodity chain approach outlines how profitability shifts from
node to node according to competitive pressures; ‘industry’ is hereby not always perceived as
a motor for development.\(^{312}\) This leaves room for investigating the role of innovations in
service activities such as transportation and finance as well as communications in fuelling
economic ascent and providing necessary competitive impetus.

What remains however, is the major question of what is the best way to analyse services
within commodity chains? If services have been explored in commodity chain research so far,
there has been a tendency to treat them as separate chains within which knowledge is the
commodity traded. This potentially has negative effects on both, the analysis of services as
well as the discussion of any other given product within a commodity chain: it means that the
analysis of individual commodity chains has effectively been isolated from the necessary
service providers who enable the development and reproduction of the chain.\(^{313}\) To track the
production and distribution of services in the same way as other chain studies have done for
single commodities or entire industries, would thus mean to loose the great significance of
services to commodity chains in general.\(^{314}\) This is the case because services encompass a

\(^{310}\) Gereffi, Gary, Korzeniewicz, Miguel *Commodity Chains and Global Capitalism*, p.4

\(^{311}\) Ibid. p.12

\(^{312}\) Ibid. p.4

\(^{313}\) Brown, Ed, Derudder, Ben, Panreiter, Christof et al. *World City Networks and Global Commodity Chains: towards a world-systems’ integration*, pp.23-4

\(^{314}\) Rabach Rabach, Eileen, Kim, Eun Mee *Where is the Chain in the Commodity Chain? The Service Sector*
countless range of activities that are, in a sense, grafted over the entire process of production.\textsuperscript{315} It is worth noting that a distinction may be made in regard to services that offer some sort of end product, as is for example the case with a package holiday or a haircut, but when speaking of ‘intermediate’ or ‘producer’ services such as banking, insurance, transport or marketing, which are all integral to the production process, the knowledge commodity is not an end product in itself but rather facilitates the production process.\textsuperscript{316} Rabach therefore suggests that “in order to study the significance and impact of services on GCCs, a shift in the customary focus and methodology characterising GCC research is imperative.”\textsuperscript{317}

While Rabach’s observations in regard to the integration of the service sector in commodity chains are very useful, the fact that she does, like many others, exclusively focus on the contemporary dimension of the importance of services, remains somewhat restrictive. Her argumentation can clearly be allocated in the GCC camp of chain research, and the analysis of the role of services is conceptualised solemnly in regard to buyer- and producer-driven chains.\textsuperscript{318} Yet, in order to assess the value and governance capabilities of services through time and their implications for national development, they also need to be integrated within a historical context. This implies a systemic approach of analysing the capitalist world economy, characterised by the holistic conceptualisation of a world system perspective to commodity chains, rather than a focus on firm- and chain specific developments. Still, much can be learned from the more recent strands of chain research. For instance, Gereffi’s concept of governance in buyer-driven commodity chains provides a useful theorization of commercial capital that indicates power and control beyond what has been regarded as traditional patterns of ownership,\textsuperscript{319} thus providing a possible framework of thinking about governance when analysing the role of British merchants and financiers. More importantly, Rabach states that “GCC research represents an important leap forward in efforts aimed at disentangling the maze of international productions and transactions that characterize international capitalism.”\textsuperscript{320} Her suggestion to analyse services in terms of the linkages

\textsuperscript{315}Ibid. p.125
\textsuperscript{316}Brown, Ed, Derudder, Ben, Parreiter, Christof et al. World City Networks and Global Commodity Chains: towards a world-systems’ integration, pp.23-4
\textsuperscript{317}Rabach, Eileen, Kim, Eun Mee Where is the Chain in the Commodity Chain? The Service Sector Nexus in Gereffi, Gary, Korzeniewicz, Miguel (eds.) Commodity Chains and Global Capitalism, p.125
\textsuperscript{318}Ibid. p.125
\textsuperscript{319}Bair, Jennifer Global Capitalism and Commodity Chains: Looking Back, Going Forward, p.161
\textsuperscript{320}Rabach, Eileen, Kim, Eun Mee Where is the Chain in the Commodity Chain? The Service Sector Nexus in Gereffi, Gary, Korzeniewicz, Miguel (eds.) Commodity Chains and Global Capitalism, p.124
between the segments of production within a commodity chain thus provides an analytical framework in order to follow Cain and Hopkins’s call to unravel the relation between industry and services in more detail and with greater subtlety over centuries.

Rabach’s outline that services integrate and coordinate dispersed production activities and therefore provide the impetus for the continual transformation of the chains, also implicates the acknowledgement that services have a critical influence over a given chain at almost every node or box. An important question that remains to be established however, is from where this influence is exercised or in other words from where the production processes of any given chain are organised and coordinated? Brown et al. propose to see the ‘world city’ as key to understand the management of the global economy through service activities. Indeed, Sassen argues that world cities (or, in her own words, ‘global’ cities) are “[…] highly concentrated command points in the organization of the world economy.” While she does not use commodity chain terminology, this clearly indicates that world cities provide core inputs required for almost all production processes, linking dispersed production and consumption sites and therefore acting as the facilitators of numberless chains.

Cities can be described as ‘global service centres’ which form complex networks of capital circulation and accumulation, while they provide value at all nodes of the commodity chains, this feeds back further leading to consequent flows of profits to cities. Brown et al. argue that “the creation and (unequal) distribution of value along commodity chains is organized in and governed from world cities […].” Their call for an integration of the city within commodity chains can thus be helpful in order to facilitate the study of services within such chains. While cities are often described as ‘control and command centres’ in commodity chains through their housing of multinational corporate headquarters, little light is shed on the issue of how this translates into the operation of, and control over, commodity chains or how

321 Ibid. p.123
322 Cain, P.J., Hopkins, A.G. British Imperialism 1688-2000, p.8
323 Rabach, Eileen, Kim, Eun Mee Where is the Chain in the Commodity Chain? The Service Sector Nexus in Gereffi, Gary, Korzeniewicz, Miguel (eds.) Commodity Chains and Global Capitalism, p.123
324 Brown, Ed, Derudder, Ben, Parnreiter, Christof et al. World City Networks and Global Commodity Chains: towards a world-systems’ integration, p.15
325 Sassen, S. The global city, p.3
326 Brown, Ed, Derudder, Ben, Parnreiter, Christof et al. World City Networks and Global Commodity Chains: towards a world-systems’ integration, pp.22-3
327 Ibid. p.15
328 Ibid. p.22
329 Ibid. p.29
cities are implicated in the creation of core-periphery structures through commodity chains. Brown et al. explain that Wallerstein didn’t clearly elaborate what ‘core’ meant in geographical terms, but that its equation with ‘core states’ would mean to misconceive the concept altogether. Clearly this is a valid point since the core-periphery dichotomy stems from the very need to overcome conventional views of state-centric spatiality. It can thus be argued that ‘world cities’ and their capacities to organise and coordinate commodity chains through service sector activities, often constitute the very core of a chain or economic system. Such an approach ties in with Cain and Hopkins’s account of London as an ‘international service centre’ which drove and created an international trading system, mediated through the sterling.

Giving the service sector, allocated in world cities, a key function in the organisation and coordination of commodity chains further necessitates questions of agency within such a sector and implies the integration of new actors into the chains. The important question hereby is of grand nature and follows Bair’s appeal to consider larger institutional and structural environments in which commodity chains are embedded. Simply put, it asks what constitutes the driving force behind the creation and organisation of an international regime of trade and who are the driving agents of such? As has been described in part II. 1., Cain and Hopkins historical perspective, analysing the ascent of the British imperial system, runs contra traditional accounts of industrialisation and proposes the integration of a socio-economic ruling elite, constituting what they describe as gentlemanly capitalism, into the story of Britain’s economic rise. If the governance structure is analysed to include all value-added activities and services are not simply reduced auxiliary to the production of commodities, but rather are viewed as providing essential linkages between the different segments of the chain, the commodity chain approach can help to disentangle the complex relationship between manufacturing and service activities and thus test the gentlemanly capitalism paradigm against specific case studies. Some progress has been made in regard to integrating financial services into commodity chains as well as treating financial institutions as a set of separate actors within such chains. For instance, starting from the assumption that the provision of financial services represents an important input for the functioning of a commodity chain, Parnreiter et al. set out to explore these in terms of linkages through a study

330 Ibid. p.21
331 Ibid. pp.29-30
332 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, pp.51,55
333 Bair, Jennifer Global Capitalism and Commodity Chains: Looking Back, Going Forward, p.153

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of the involvement of (local and global) financial institutions in issuing the bonds and shares of leading corporations in Mexico and Chile. Looking at the period from 1982 to 2004, the study exposes that most of the bond and share issues of the 50 top ranked Mexican and Chilean enterprises were handled by global financial institutions such as Citibank/Citigroup, JP Morgan/Chase Manhattan, Bank of New York, Banco Santander or ING Bank. It confirms that global financial institutions such as Citibank/Citigroup generate high value work through providing key inputs for several GCC by enabling investment for different firms such as the Mexican oil company PEMEX or the Chilean copper company Codelco through selling bonds and shares at stock markets and by selling financial services to major retailers (for example Wal-mart Mexico, Controlada Comercial Mexicana). Most importantly, the study outlined that demand for financial service intermediaries was concentrated in firms operating both at a global and a local scale: big corporations in Mexico and Chile thus preferred those global financial institutions that maintain offices in Mexico City and/or Santiago de Chile. This is in line with Brown et al.’s argument that commodity chains often run through local cities which are allocated near to production nodes, but which form a critical connection to major cities, which may be distant from such production nodes. Despite its contemporary focus, such analysis gives valuable insights which can help to reflect on historical case studies. These global-local connections could hint towards the importance of imperial structures, representing a global British network of merchants, merchant bankers and financiers, operating at home and abroad.

The growing recognition that services form an integral and important part of commodity chains is of course a very positive development. Already in 1994 Rabach asked ‘where is the chain in commodity chains’, thus providing a foundation for the study of services in commodity chains. Brown et al.’s appeal to integrate world cities into commodity chains to investigate their role as ‘international service centres’ also provides much of the crucial groundwork on how service activities may be analysed within commodity chains. However,

334 Brown, Ed, Derudder, Ben, Parreiter, Christof et al. World City Networks and Global Commodity Chains: towards a world-systems’ integration, p.26; See also Parreiter, C., Fischer, K., Imhok K. El enlace faltante entre cadenas globales de produccion y ciudades globales: el servicio financiero en Ciudad de Mexico y Santiago de Chile, pp. 135-48
335 Brown, Ed, Derudder, Ben, Parreiter, Christof et al. World City Networks and Global Commodity Chains: towards a world-systems’ integration, p.26
336 Ibid. p.26
337 Ibid. pp.26-7
338 Ibid. p.24
339 Rabach, Eileen, Kim, Eun Mee Where is the Chain in the Commodity Chain? The Service Sector Nexus in Gereffi, Gary, Korzeniewicz, Miguel (eds.) Commodity Chains and Global Capitalism, p.123
all such studies continuously refer to the notion of the ‘contemporary’, underlining the ‘increasing’ importance of the service sector, often urging to pay special attention to the process of liberalisation in the past couple of decades.\textsuperscript{340} Cain and Hopkins’s argument of gentlemanly capitalism however, calls for an analysis of services within commodity chains from a historical perspective. The long-term importance of services spanning through the centuries has substantial implications for the analysis of value-creation and governance in commodity chains and consequently also for ambitions to explore the opportunities for firms, actors or policy makers in regard to upgrading opportunities or potential barriers faced to do so. Recognizing the value of services might not have direct influences on upgrading opportunities. Furthermore, as has been explained, a world system approach may even condemn any such development opportunities as illusionary.\textsuperscript{341} While debating such issues of the possibilities of development in detail is beyond the scope of this paper, I am of the opinion that debates over long term development becomes redundant altogether if not all value-adding activities, including services, and their influence on governance structures within a chain, are clearly outlined.

\textsuperscript{340} See for example Brown, Ed, Derudder, Ben, Pannreiter, Christof et al. \textit{World City Networks and Global Commodity Chains: towards a world-systems’ integration}, pp.23-4
\textsuperscript{341} Bair, Jennifer \textit{Global Capitalism and Commodity Chains: Looking Back, Going Forward}, p.157
III. Gentlemanly Capitalism and Indigo: a Commodity Chain approach

A comparative analysis of the production and trade of indigo in South Carolina and Bengal will serve to test Cain and Hopkins’s concept of gentlemanly capitalism through the commodity chain approach. The aim is to emphasise both, the importance of production and that of services, in the creation of a commodity. Furthermore, the institutional framework, which underpins the conditions under which a commodity flourishes or fails, will be considered. Almost any (global) commodity could hereby provide important insights. Yet, indigo is particularly interesting: demand for the blue dyestuff is intrinsically linked to the expanding textile industry in Europe and industrialisation in general, and its supply rested on centuries of imperial competition. By the 18th century the blue of indigo, naturally lightfast and fade proof, had established itself as the uniform of work and authority.\textsuperscript{342} Even today, after the blue dyestuff has been replaced by synthetic substitutes and disappeared from the markets over a century ago, policemen’s uniforms are blue and blue jeans remain an integral part of the average wardrobe.\textsuperscript{343} Interestingly enough, the word ‘indigo’ itself has been readily adapted to take on a wide range of new meanings. From New Age enterprises to consulting agencies, the term ‘indigo’ has become associated with good living and style.\textsuperscript{344} It describes ‘gifted’ children (‘indigo children’), marijuana seeds, and software development (‘indigo byte systems’). Such connotations stand in stark contrast to the systems of slavery and coerced labour that accompanied the production of indigo dye as a major item of international trade from the sixteenth to the late nineteenth century.\textsuperscript{345}

Indigo dye can be extracted from several different plant species and it is thus most likely that the discovery of the dyestuff evolved independently in many civilizations.\textsuperscript{346} While hundreds of plants worldwide contain the basic chemical elements of indigo however, only a few are productive enough to make commercial exploitation, as opposed to home textile production, worthwhile.\textsuperscript{347} Most important hereby is the \textit{Indigofera} which grows only in tropical and

\textsuperscript{342} Taussig, Michael \textit{Redeeming Indigo}, p.3
\textsuperscript{343} In the 1860s the German chemist Adolf von Baeyer discovered a synthetic substitute for the indigo dye, an achievement that earned him the Noble Prize in 1905 and heralded the end for the global indigo trade; See Laws, Bill \textit{Fifty Plants that Changed the Course of History}, p.117
\textsuperscript{344} Van Schendel, Wille \textit{The Asianization of indigo. Rapid change in a global trade around 1800 in Boomgaard, Peter, Kooiman, Dick, Nordhold, Henk Schulte (eds.) \textit{Linking Destinies: Trade, Towns and Kin in Asian History}, p.29
\textsuperscript{345} Ibid. p.29
\textsuperscript{346} Balfour-Paul, Jenny \textit{Indigo in the Arab World}, p.3
\textsuperscript{347} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires, 1560-1860} in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) \textit{From Silver to Cocaine. Latin American Commodity Chains and the
subtropical regions. Early modern Europe imported indigo from India (hence the name ‘indigo’) via the silk routes. When Portugal opened an all-water route to the East, the cost of a variety of ‘spices’, including indigo, was lowered and their availability increased. Around the same time, the Spanish were settling the New World and among the first agricultural exports of these colonies was indigo. During the sixteenth century indigo thus became a global commodity, marked by imperial competition. The Spanish, which were eager to get around Portuguese supplies, introduced Asian indigo plants to their new colonies in Central America, particularly in El Salvador and Guatemala which were relatively poor in mineral resources. Soon thereafter, they were able to supply European markets with better quality indigo at lower prices and therefore almost entirely drove out Indian indigo.

The rise of mercantilism, as well as labour shortages and transportation problems, stemming from the general paralysis of the Spanish Empire in the second quarter of the seventeenth century, prompted non-Spanish European powers to seek sources of the dye within their own Empire. Planters in the French West Indies experimented with the crop and soon set the standard for European, and despite mercantilist concerns, English markets. Haiti (then known as Saint Dominique) annually exported about one million kg of indigo in the third quarter of the eighteenth century. Guatemala and South Carolina followed by exporting about half of that amount. When war erupted between Spain and Britain in 1793, indigo supply from Guatemala was interrupted, leading to a decline in Guatemala’s indigo production which

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*Building of the World Economy, 1500-2000*, p.53
348 Van Schendel, Willem The Asianization of indigo. Rapid change in a global trade around 1800 in Boomgaard, Peter, Kooiman, Dick, Nordhol, Henk Schulte (eds.) *Linking Destinies: Trade, Towns and Kin in Asian History*, p.31
349 McCreery, David *Indigo Commodity Chains in the Spanish and British Empires, 1560-1860* in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) *From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000*, p.53
350 Ibid. p.53
351 Ibid. p.53
353 Ibid. p.32
354 McCreery, David *Indigo Commodity Chains in the Spanish and British Empires, 1560-1860* in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) *From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000*, p.54
355 Ibid. p.54
356 Ibid. p.54

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was further fuelled by crop failures and the slow disintegration of the Spanish Empire.\textsuperscript{358} Haiti’s indigo production was, according to van Schendel, ‘wiped out in a flash’ through the slave revolts leading to Haiti’s independence from France in 1804.\textsuperscript{359} The American Revolution on the other hand, undercut supplies from South Carolina.\textsuperscript{360} When the global indigo market was in crisis, the East India Company, plagued with the problem of remittance, thus moved to revive Indian indigo production in Bengal.\textsuperscript{361}

These developments will become more apparent through the analysis of the South Carolina and Bengal indigo chains, albeit focus hereby lies on the British Empire. Following the product’s journey from its initial production in the backcountry of South Carolina and Eastern India to its destination at the markets of London, David McCeery provides much of the expertise that represents the groundwork for further analysis. When outlining the two commodity chains in part III.1 and 2, no direct reference will be given to Cain and Hopkins concept of gentlemanly capitalism. Instead, focus lies on the description of the factors of production, namely labour, land, technology and capital, as well as trade with the commodity. After the commodity chains have been outlined, part III. 3 will look at the governance structures of both chains in order to examine the importance of gentlemanly capitalism through the indigo commodity. A comparative analysis of the governance structure will give valuable insights over agency and control in both indigo commodity chains and thus allows for an examination of structural elements of British imperialism which encompass different types of Empire and timeframes.

III. a. The Indigo Commodity Chain: South Carolina 1740-1775

South Carolina was one of the fastest growing regional economies of British America during the century from its founding in 1670 to the American Revolution\textsuperscript{362} and few are aware that in the 1770s it was the richest colony in all of mainland British North America.\textsuperscript{363} In January

\textsuperscript{358} Ibid. p.36
\textsuperscript{359} Ibid. p.36-7
\textsuperscript{360} Sah, Raaj \textit{Features of British Indigo in India}, p.67
\textsuperscript{361} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires, 1560-1860} in Topik, Steven, Marichal, Carlos, Frank Zephyr (eds.) \textit{From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000}, p.55
\textsuperscript{362} Nash, C.R. \textit{Trade and Business in Eighteenth-century South Carolina: The Career of John Guerard, Merchant and Planter,} p.6
\textsuperscript{363} Ryan, William R. \textit{The World of Thomas Jeremiah. Charles Town on the Eve of the American Revolution}, p.9
1755, one of the most widely read London journals of the eighteenth century, the Gentleman’s Magazine, described South Carolina in the following terms:

Its principal produce is rice, with which it supplies almost all of Europe; and if the article of indigo, which they have lately fallen on, will succeed, this will soon become one of the richest colonies we have.... Charles Town is the capital of this province about as big as the city of Gloucester. The inhabitants are very genteel and polite. All this country has every necessary, and most of the conveniences of life. Many fine rivers, and good harbours. All the goods they consume, they have from England, and pay for them in rice, pitch, tar, deer-skins, and fur.\footnote{The Gentlemen’s Magazine No. 25, 1755, p.15-18 quoted in Smith, Marion B. South Carolina and “The Gentleman’s Magazine”, p.124}

Nash describes the history of the colonial South Carolina economy and its overseas trade in two periods: in the first fifty years from the settlement of the colony in 1670 till 1720, trade grew slowly, by then making up approximately 12% of the total of all mainland exports; the second fifty years saw a rapid growth of trade with export increasing eightfold, by 1768-1772 comprising about 30% of exports from the mainland.\footnote{Nash, R.C. The Organization of Trade and Finance in the Atlantic Economy, Britain and South Carolina 1670-1775 in Green, Jack P., Brana-Shute Rosemary, Sparks, Randy J. Money, Trade and Power. The Evolution of Colonial South Carolina’s Plantation Society, p.75} The colonies development was based on a number of plantation-export staples, linking South Carolina to the expanding Atlantic economy and fuelling the trade of manufactured goods and other imports from Britain (dry goods), slaves from Africa and the West Indies, and rum and sugar from the West Indies. The colony's first significant staples were deerskins and provisions, but from about 1700 slave-produced rice and naval stores became the most important exports, and from 1720 onwards rice established a dominance which was to last for the rest of the colonial period.\footnote{Ibid. pp.75-77} However, in the late 1740s indigo began to be produced in quantity, and by the late 1750s it had become South Carolina's second most important export item.\footnote{Nash, C.R. Trade and Business in Eighteenth-century South Carolina: The Career of John Guerard, Merchant and Planter, p.6}

South Carolina’s planters had begun to experiment with indigo in the late seventeenth century and the first reports of Carolina indigo planters reached England in 1671.\footnote{Sharrer, Terry G. The Indigo Bonanza in South Carolina, 1740-90, p.447} At this stage, Britain had already passed mercantilist legislation for the dye due to the indigo plantations on its colonies in Jamaica. The Navigation Act of 1660 specified, in part, that producers of certain enumerated goods, including indigo, could sell those goods only within the Empire. In 1670 Parliament decided however, that Jamaica planters should produce sugar instead of indigo and enforced this preference through a duty placed on indigo exports from the island. Such a combination of the Navigation Act and the Jamaican tariff opened the way for others
to develop an indigo industry elsewhere in the Empire. Yet, the profitability of rice meant that the indigo production in South Carolina was abandoned until 1740s, when exploding demand for indigo in England, linked to the growth of the industrial revolution as well as a crisis in rice markets, prompted South Carolina landowners to revisit the dye.

The successful introduction of indigo in South Carolina is generally linked to the experiments of Eliza Lucas Pinckney. Her father, George Lucas, a large landholder in both Antigua and South Carolina, who served as a lieutenant colonel of the British army and was politically well connected, had sent his daughter various seeds from the West Indies in order to find a profitable substitute crop for the colony. Thanks to Eliza Lucas Pinckney’s letterbook, her experiments, which were at first marked by difficulties, are well documented and in 1744 she could write to her father that:

We please ourselves with the prospect of exporting in a few years a good quantity from hence and supplying our mother country with a manufacture for which she has so great a demand, and which she is now supplied from the French Collonys and many thousand per annum thereby lost to the Nation, when she might be as well supplied here if the matter were applied to in earnest.

Indeed, the South-Carolina Garzette featured an excerpt of a letter from London on December the 3rd 1744 stating that:

I have shown your INDIGO to some of our most noted Brokers in that Way, who tried it against some of the Best FRENCH, and in this opinion it is AS GOOD […] When you can in some measure supply the British Demand, we are persuaded, that on proper Application to Parliament, a Duty will be laid on foreign Growth, for I am informed, that we pay for INDIGO to the French £ 200,000 per annum.

In contrast to this kind of enthusiasm, Edelson writes that when the first Carolina indigo cakes arrived in London in the mid-1740s, they were held in rather low esteem. Marked by a bad

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369 Ibid. p.447  
370 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.54-55  
371 Historians usually attribute the development of the crop in South Carolina to Eliza Lucas Pinckney. It is interesting to note however, that an article concerning the production of indigo in South Carolina appeared in the October 1761 issue of The Gentleman's Magazine, stating that the establishment and improvement of indigo in South Carolina was due to “a gentleman, of the name of Mellichamp […] an inhabitant from his childhood”. No reference is thereby made to Mrs. Pinckney. Instead, a letter dated March 26, 1761 from Mellichamp to ‘a friend in London’ is quoted stating that the South Carolina Assembly had voted to award him 1,000 in local currency for his work. In the letter, he complains that due to the exchange rate, the award, when converted to sterling, will not even cover the expenses he incurred. The person referred to was most likely a wealth estate owner called Thomas Mellichamp. See The Gentleman’s Magazine 1761, p. 440 quoted in Smith, Marion B. South Carolina and “The Gentleman’s Magazine.”, p.114  
372 Pinckney, Elise, Zahniser, Marvin, R. (eds.) The Letterbook of Eliza Lucas Pickney 1739-1762, p.xvii  
373 Ibid. p.xii  
374 Ibid. p.xviii
reputation, they never sold as well as indigo from Guatemala or St. Domingue. However, great demand ensured that the indigo trade nevertheless flourished. In South Carolina, indigo had the advantage of supplementing rather than conflicting or competing with the existing rice production since the crops made use of a different sort of land. It therefore did not threaten the dominant economic or social system of the colony, but rather brought prosperity to impoverished areas of the backcountry.

After providing a historical background of South Carolina and its indigo, it is now time to look more closely at the indigo commodity chain. The first node of the chain is hereby represented by the South Carolina indigo plantation. Thompson defines the plantation as a large landed estate, located in an area of open resource, where social relations between diverse racial or cultural groups are based upon authority, involving the subordination of resident labourers to a planter for the purpose of producing an agricultural staple which is sold in the world market. This already indicates that the history of the plantation is closely linked to the discovery of new lands, representing a colonial institution fuelled by the expansion of commerce, which in turn is resting on improvement of transportation. Due to its prominent features of slave production under state protection, the concept of plantation enterprise has sometimes been subject to underlying misconceptions which do not attribute the plantation with a sense of modernity. However, Drayton urges to see the plantation as a modern capitalist enterprise in regard to its production for the world market, its dependence on long distance trade for inputs and exports, its extensive economies of scale, its large sized labour force marked by specialisation and time discipline, as well as its wholly expatriate character. Indeed, the plantations of South Carolina provide a prime example for early modern capitalist production within the Atlantic economy. In the century from the establishment of the English colony to its independence as an American state, the regions ever expanding frontier became a place of huge plantations, marked by an intense focus on growing export staples. While the most adventurous speculators hunted for lands far beyond the plantation pale, colonists invested in building roads and clearing rivers in order to

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375 Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p. 184
376 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marchal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.55
377 Thompson, Edgar Tristram The Plantation, p.4
378 Ibid. p.4
380 Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.127
link the outward expanding plantation settlements to Charleston, the colony’s only important city, port and commercial centre.\textsuperscript{381} Indigo hereby was an especially suited crop for the backcountry, where it generated unprecedented wealth. Small landowners, away from the coast or the rivers and without rice land, planted indigo together with their subsistence crops, often specialising in furnishing seed to the large growers and therefore for the first time aligning the interests of large scale planters and backcountry farmers.\textsuperscript{382} However, a largely profitable indigo production required many acres of cleared land, several slaves, a processing works, and a high degree of technical knowledge, which meant that not all farmers could produce dye products on a large commercial scale.\textsuperscript{383} In summary this means that the cultivation and processing of indigo at the plantation ‘node’ therefore required land, capital, labour and suitable technological knowledge.\textsuperscript{384}

South Carolina’s ever expanding frontier and its suitability for the indigo cultivation has shown that access to land was generally unproblematic.\textsuperscript{385} In the period of 1730 to 1760, the Beaufort area in the Southern Frontier zone specialized in the production of indigo and was undergoing rapid development. Some of the biggest investors in the area were leading Charleston merchants like Thomas Jenys, William Cattell or John Guerard, absentee estate-owners who drew a large income from the region.\textsuperscript{386} The input of capital in the plantation node of the indigo commodity chain thus comes, not surprisingly, from Charleston and London. At the heart of the Industrial Revolution, Great Britain’s colonies had adequate capital at low rates available, which helped finance indigo production in South Carolina.\textsuperscript{387} Credit was relatively easily obtained as Charleston merchants offered reasonable rates for planters seeking to purchase slaves or open new land and McCreery explains that: “By mid-century Charleston was overpopulated with merchants ready to make long-term loans at 8

\textsuperscript{381} Ibid. pp.126-7
\textsuperscript{382} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires, 1560-1860} in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) \textit{From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000}, pp.56-7
\textsuperscript{383} Sharrer, Terry G. \textit{The Indigo Bonanza in South Carolina, 1740-90}, p.454
\textsuperscript{384} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires, 1560-1860} in Topik, Steven, Marichal, Carlos, Frank Zephyr (eds.) \textit{From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000}, p.54
\textsuperscript{385} Ibid. p. 56
\textsuperscript{386} Nash, C.R. \textit{Trade and Business in Eighteenth-century South Carolina: The Career of John Guerard, Merchant and Planter}, pp.11-2
\textsuperscript{387} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires, 1560-1860} in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) \textit{From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000}, p.62
percent against land or crops and at only slightly higher rates for current accounts.”^{388} The line between merchant and large-scale planter also became somewhat blurred, as plantation enterprise served as a good investment. With few other alternatives for investments that could match the promise and security of planting, many merchants segued from trading into land and slave ownership.^{389}

The South Carolina indigo production was predominantly marked by a class of merchant planters of British or Huguenot origin with strong ties to England. Producing multiple commodities on a commercial scale in the framework of their plantations, with rice being the predominant crop, they participated in the Carolina eighteenth-century indigo boom.^{390} Investment required in an indigo plantation was represented by relatively simple processing equipment and the purchase of slaves and with growers relying heavily on forced labour, the capital invested in indigo did not have to make the average rate of profit.^{391} While the merchant planters therefore provided the capital input for the South Carolina indigo plantation, residence was usually taken up in urban townhouses in the city, from which they became distant managers of far-flung settlements.^{392} An example provides Ralph Izard, who invested £ 5,000 into an indigo plantation and slaves to cultivate it. Izard’s 1777 tax return recorded that he owned 8,070 acres of land and 508 slaves, while still possessing thousands of pounds for which he could find no better use than to lend out at interest. He directed six other plantations from his elegantly furnished townhouse.^{393} Edelson writes that the ownership of multiple tracts of land was very common in late seventeenth century South Carolina, but by the later decades of the eighteenth century, the scale of these multiple plantation enterprises, and the distance of their component parts from one another, had drastically increased.^{394} Favourable inheritances, wealth-concentrating marriages, and strong commodity earnings fuelled the enlargement of late colonial estates into multiple units of production.^{395} As merchant planter such as Ralph Izard managed their businesses from the comfort of Charleston, “[…] the liveliest, pleasantest, and the politest place, as it is one of the richest too

^{388} Ibid. pp.60-1
^{389} Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.152
^{391} McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.60
^{392} Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.152
^{393} Ibid. pp.152-3
^{394} Ibid. p.153
^{395} Ibid. p.153
in all America”, they took refuge in their distance from the everyday struggle for authority on their plantations and isolated themselves from the violence slave labour.

It has become clear that the labour input within the plantation segment of the commodity chain was to a large extend met through the importation of slaves from Africa and the West Indies. The frontier, in which indigo was planted and processed, thus became a world of productive slave labour camps. Like with land, the labour required for indigo production complemented rather than competed with the already existing structures of the economy of South Carolina. Dye production generally required workers at different times of the year than did rice; the same worker could therefore be used for both products, employing the slaves for more profitable work more of the time. Edelson explains that the introduction of indigo had dire consequences for the slaves working in the South Carolina frontier zones, as it provided planters with opportunities to increase returns per labourer through filling up the gaps in the productive calendar with more work, time that slaves had usually used to produce their own crops. As a new crop for South Carolina slaves, indigo lacked a work history and thus fell outside the customary labour arrangements and from the moment the slaves began harvesting the plants, indigo production demanded the sunrise to sunset commitment of slave labour. Yet, while indigo cultivation enforced more intensive labour on the field, the skilled tasks of indigo processing allowed masters to reward favoured slaves with better condition without freeing them. These indigo makers therefore joined slave drivers as part of a small class of enslaved managers. Planters thereby held hired and enslaved indigo makers accountable for the final product, who in turn took extraordinary care with each step of the process, imposing a rigid work discipline and inflexible standards on the workers.

Indigo had exact processing requirements, which represent the last input of the plantation segment in the indigo chain: the technological knowledge. McCreery explains that indigo

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396 Ibid. p.137
397 Ibid. p.164
398 Ibid. p.163
399 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.58
400 Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.157
401 Ibid. p.160
402 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.58
403 Edelson, Max S. Plantation Enterprise in Colonial South Carolina, pp.160-1
production is marked by a relative uniformity of the processing technology over time and between producing regions, and the manner of converting leaves and stems into indigo cakes had hardly changed after 1550. This is largely due to the communication between and about commodity chains, despite apparent national competition. In fact, Eliza Lucas Pinckney’s experiments with indigo in the 1740s were assisted by professional dye makers who were sent to her help by her father, although she suspected the first, Nicolas Cromwell from Montserrat, to mystify the process and to spoil the colour of the dye in order to sabotage the success of South Carolina indigo. By mid-eighteenth century however, certain features of indigo cultivation and processing had been worked out empirically and had become standard in the colony. Indican, a colourless water-soluble glycoside, existed in the leaves, which underwent fermentation and oxidation processes in order to form the dye. After the men harvested the plant, the leaves were tied into bundles and transported to the processing plant where they were placed in a vat and covered in water. Leaving the bundles in the water for approximately twenty four hours, the workers drained the liquid off to the second vat and discarded the leaves. There, the liquid was agitated by wooden paddles to precipitate out the indigo granules, and sometimes limewater was added in order to speed up separation. The supervisor was responsible for the drawing off the water at precisely the right moment, which represented a crucial stage in the production of the dye. Afterwards, the indigo was packed into cloth bags, squeezed and hung up to dry. When most of the moisture was removed, workers cut the dye into small cakes for the retail market. The illustration below shows a ‘Representation of the Machine used in making Indigo’ as it was published in the May and June issues of ‘The Gentleman’s Magazine’ in 1755, along with detailed information on the “culture and manufacturing” of indigo, including an itemization of the expenses involved.

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405 Pickney, Elise, Zahniser, Marvin, R. (eds.) *The Letterbook of Eliza Lucas Pickney 1739-1762*, p.xvii
406 Sharrer, Terry G. *The Indigo Bonanza in South Carolina, 1740-90*, p.449
407 Ibid. p.450
409 The text which accompanied the image reads as follows: “a Two pumps in a frame worked by a pendulum, to pump water into the steeper b, c the beater, d A vat of lime-water, e A tub set to receive the muddy water from the beater, f A stage whereon to work the pumps.” See Smith, Marion B. *South Carolina and “The Gentleman’s Magazine”*, p.115
McCreery explains that the uniformity of this process over time and the rigid processing standards were to a large extent defined by a specific demand in the world market which determined that the product had to meet certain standards of size, finish and quality in order to become a commodity. The absence of modern chemical tests meant that purchasers of indigo expected a certain colour, consistency and finish, in order to evaluate the dye. If the product failed to meet expected standards, it could only be sold at a greatly reduced price and resulted in a bad reputation that was persistently hard to shake. This led the producers to imitate what has been established as popular indigo ‘brand’ in the world market. In fact, indigo from South Carolina struggled with what its planters perceived as an unfairly bad reputation. Edelson writes that: “Although the most proficient Carolina makers met the London market’s standards for symmetrical shape and luminous colour, their dye never sold as well as what planters from Guatemala or St. Domingue managed to ship every year.” Colonists therefore suspected that indigo’s reputation, good or bad, reflected the machinations of metropolitan merchants more than any stable use-value for colouring cloth. Some planters bridged the difference between regional reputation and reality by masking indigo’s origin as being French. Henry Laurens, a Carolina merchant planter who travelled to London in 1772 to present his own batch of the dye, wrote that:

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411 Edelson, Max S. *Plantation Enterprise in Colonial South Carolina*, p.184
412 Ibid. p.184
413 Ibid. p. 184
I produced a sample of my indigo to some of the Wise men call’d Brokers and Dyers. They admired it much for East Florida Indigo. One said it was worth 12 or 14/ per lb., and was very sorry we could not make such indigo in Carolina. This proves the Strength of their Prejudices more than the Clearness of their Judgement [...] I replied that I believed he was perfectly right, but to the Misfortune of the Owners of the Carolina Indigo, they could perceive a difference of 2 or 3 Shillings per lb. in the price, although the same indigo was sent and sold at Petersburgh for French. The Gentleman having no ready Reply, changed the subject. I hope we shall get to the bottom of this Mystery in time & remove the Evil.\[414\]

This apparent unfairness of reputation caused grief among the patriotic Britons of America and after independence merchant planters such as Henry Laurens abandoned the British market for the French.\[415\] The reputation of poor quality and low prices also indicates an unfavourable characterisation of the Carolina plantation society as a crude place, which was further reinforced by rumours that South Carolina planters adulterated their indigo with dirt to increase its weight.\[416\] For a society that strived to “resemble old-England”, \[417\] with its colonists staking claims to gentility, this represented a serious blow for the planters self-image.\[418\]

The production of indigo has been explained through the plantation ‘node’ of the commodity chain and its required inputs of land, capital, labour and suitable technological knowledge. After its production, the dye was transported to Charleston, the commercial hub of South Carolina, which was surrounded by a densely populated core plantation zone. The Lowcountry’s core zone was marked by a very traversable, interconnected landscape, interspersed with navigable rivers.\[419\] Observing its riverine traffic, Charles Dickens, albeit in the nineteenth century, linked the Carolina capital to an American Venice.\[420\] Sailing or rowing through the rivers, slaves transported goods to the market of Charleston at relatively low cost.\[421\] The plantations outside the core zone had to be connected to the city by human labour. Slaves cleared a direct route by cutting channels through the maze of creeks and building traversable wagon roads and bridges in order to reach navigable water routes from which goods were transported to Charleston by schooner.\[422\] By mid-eighteenth century, even the most remote plantations covering huge areas on the northern and southern coasts were connected to Charleston. In place of the small craft that shuttled goods between town and the

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\[414\] Rogers, George C. Junior, Chesnutt, David R., Clark, Peggy J. (eds.) The Papers of Henry Laurens. Volume Eight: Oct. 10, 1771 – April 19, 1773, p. 228
\[415\] Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.185
\[416\] Ibid. p.185
\[417\] Ibid. p.148
\[418\] Ibid. p.164
\[419\] Ibid. pp.130-1
\[421\] Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.129
\[422\] Ibid. p.133
countryside in the core, 100 ton ships, capable of carrying 100 barrels or more, transported indigo to Charleston and left behind imported supplies. The remoteness of such plantations does not imply that they represent isolated domains detached from larger society. Instead, colonists viewed every part of the expanding landscape of the frontier in terms of connection to town, measuring space in relation to “distance from Charleston”.

With planters and slaves living on opposite ends of the Lowcountry, Charleston marked a space for “ civility and refinement”, a stark contrast to the crude world of productivity in the frontier. Representing the fourth largest port in the thirteen colonies and extending to vital ports in the West Indies and along the Atlantic Ocean, Charleston (or Charles Town before August 13th 1783) was a town of staggering wealth, generated largely by the trade with African slaves and, as has been explained, its two chief commodities rice and indigo.

According to one estimate, the estates of Charleston merchants were valued as six times that of their Philadelphia contemporaries. Despite its metropolitan character however, it remains important to keep a sense of proportion. Colonial American cities could not be compared with their European counterparts: on the eve of independence, Charleston contained approximately 12,000 people, encompassing just over 300 acre, which was the size of a modest plantation tract. In the late eighteenth century, approximately 230 mercantile firms traded here and the interests of some 2000 planters were represented by about 40 ‘country’ factors, hired to sell plantation produce in town. While it was thus a relatively large city by early modern standards, Charleston was characterised by a very intimate setting, where goods changed hands in physical face-to-face encounters and the town thus represents a physical rather than a metaphorical marketplace.

By the mid-eighteenth century, Charleston comprised a large native born elite with strong ties to England, which joined together wealthy merchants and planters to rule the colony from town as what Edelson calls a ‘rural-urban squirearchy’, dominating the ranks of Commons

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423 Ibid. p.134
424 Ibid. p.136
425 Ibid. p.201
426 Ibid. p.136
427 Ibid. p.136
429 Ibid. p.9
430 Ibid. p.10
429 Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.177
431 Ibid. p.177
and Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.177

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House of Assembly and cementing ties through intermarriage. Lord Adam Gordon, who visited Charleston during the winter of 1764-1765, describes the Charleston elite in the following terms:

The inhabitants are courteous, polite and affable, the most hospitable and attractive to Strangers, of any I have yet seen in America, very clever in business and almost all of them, first and last, have made a trip to the Mother-Country. It is the fashion to Send home [England] all their children for education ... It is in general believed, that they are more attached to the Mother-Country, than those Provinces which lie more to the Northward.

As plantation profits arose from moving goods and people across a divided landscape, the distance that separated planters from plantations helped the reconciliation of desires for gentility with a path of economic expansion that created vast slave labour camps. Edelson explains that: “the rising refinement of material life within the core insulated planters from the harsh realities of the frontiers, laying a foundation [...] for the belief that the countryside was approaching British standards of what such a landscape should be.”

After indigo had been cultivated, harvested and processed by slaves in the frontier, and further transported to Charleston through the waterways of the Lowcountry, the annual contest over the value and quality of the commodity during the shipping season was to begin. Planter’s economic life shifted from production to exchange and from being masters, who commanded others on their plantations, to marginal participants in the Atlantic economy, which was subject to unseen market forces and under the influence of powerful metropolitan merchants and officials. However, producers and merchants both operated on the edge of a global market about which they had at best imperfect information and over which they had no control. The engagement in servicing the international economy required a large degree of finance and skill, while the coordination of markets across space, time and cultures was made difficult by the slow diffusion of commercial intelligence, competition of fellow merchants and enemy rivals, and the unpredictable occurrences of war. The time it took to cross the Atlantic, on average ten weeks to Britain and six to Carolina, meant that the valuing of

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433 Edelson, Max S. *Plantation Enterprise in Colonial South Carolina*, p.137
434 Burton, Milby E. *Charleston Furniture. 1700 – 1800*, p. 5
435 Edelson, Max S. *Plantation Enterprise in Colonial South Carolina*, p.164
436 Ibid. p.164
437 Ibid. p.177
commodities was open to a wide-ranging conjecture; neither planters nor merchants knew what indigo was really worth to consumers abroad as they battled over prices.440

Virtually all indigo exports were shipped to London and the indigo trade was organised in somewhat different ways than that of rice.441 Indigo’s high value to bulk ratio and the resulting small freight costs, as well as its great variations in quality, provided an incentive encouraging the richer indigo planters to market their own crops in Britain. This was done largely through the commission system, in which planters marketed goods at their own accord and risk and shipped them to a British port where they were sold by English commission agents on the planters’ direction.442 Most of the smaller indigo planters consigned part of their crops to Britain via Charleston merchants, who acted as brokers for groups of small scale producers.443 Some planters also sold their indigo to Charleston merchants directly in town for an immediate return, fuelling the annual contest over the value and quality of the commodity that marked every shipping season.444 In general, the planters thereby gained the upper hand in most commercial exchanges and McCreery states that merchants failed utterly in attempts to control the South Carolina indigo trade.445 Planters used their command over supply to influence the local market.446 They often spread commercial disinformation to attract greater fleets of ships and thus keep down freight costs, or held back commodities until export merchants, who were pressed for time due to the induced cost of ships staying in the harbour of Charleston for a longer period of time, agreed to their prices.447

The rise of commission system of trade marked an important change in the eighteenth century Atlantic economy: In 1700, English merchants conducted almost all of England’s transatlantic

440 Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.180
441 Rice was usually sold directly on the large market place of Charleston and shipped to southern ports of England such as Cowes and Bristol, where it was re-exported to Northern European markets. See Nash, R.C. The Organization of Trade and Finance in the Atlantic Economy. Britain and South Carolina 1670-1775 in Green, Jack P., Brana-Shute, Rosemary, Sparks, Randy J. Money, Trade and Power. The Evolution of Colonial South Carolina’s Plantation Society, p.78
443 Ibid. p.78
444 Edelson, Max S. Plantation Enterprise in Colonial South Carolina, pp.176-7
445 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, pp.64-5
trade on their own account and risk, employing colonial residents as their agents and factors. Nash states that throughout the eighteenth century: “The English merchants, mainly of London, ceased to be entrepreneurs who traded on their own accounts and risks and became agents who sold consignments of goods received from America on commission and in return paid bills of exchange and sent out cargoes of manufactured goods to colonial merchants and planters.” 448 The importance of local Charleston merchants has been subject to dispute as it has often been assumed that South Carolina, like many other Southern slave-based plantation colonies and as opposed to the northern regions marked by large native born merchant families, was dominated by English merchants. Unfortunately, knowledge of the role of British merchants and capital in the South Carolina trade is rather limited. Yet, the view that indigenous merchant capitalism was largely absent from South Carolina is somewhat contrasting to the grandeur of Charleston, the only large city in the plantation South, whose rapid eighteenth century growth was based on the expansion of trade. 449 Charleston can be viewed as a junction through which various commodity chains are channelled, forming an intertwined web of commerce, credit and capital. Planters, locally based traders, or export merchants, London linked merchants and merchant planters bought and sold their commodities on the Charleston market, where products such as indigo were bulked and shipped to England in return for imported manufactured goods. 450

During shipping season, Charleston’s otherwise unified elite tried to reconcile their particular economic interest with claims that each served the common good of the province they ruled together. 451 Charleston merchants, which can also be called export merchants, bought, sold and moved commodities within the Atlantic economy and thus were an integral part of various commodity chains. Charleston was also the most important slave market in the mainland colonies and nearly all of the elite slave factors belonged to the ranks of the Charleston merchants, the same traders who bought and sold rice, indigo and dry goods. 452 Charleston merchants also took up an increasingly prominent role through handling the dry goods import trade. Nash investigated the claims of British merchants of the pre-war South

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448 Ibid. p.92
449 Ibid. p.75
450 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.64
451 Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.180
Carolina debts in regard to the import trades and states that: „[…] the chief businesses of all the British mercantile houses for which evidence survives, including the great majority of the leading London firms trading with South Carolina, were to act as agents for Charleston merchants to whom they supplied dried goods on the latter’s account and risk.” British correspondents always supplied dry goods on credit to independent Charleston importers and, along with the credit made available by British merchants in the slave trade, this formed the core of the financial relations between Britain and South Carolina. Charleston merchants dealing with export commodities however, found it increasingly difficult to tap into English capital. They had to acquire rice and indigo with their own money, sometimes selling it on their own accounts, but more often shipping it to British merchants, who later reimbursed them their cost plus a commission. Charleston merchants thus had to draw on their own resources when striking deals with planters and their country factors. Additionally, they had to advance funds for heavy port charges for ships that entered Charleston and were given in their care by British merchants. This also led to the common practice of trading in partnerships, with the chief advantage conferred by partnerships being that it was easier to raise trading capital. Chiefly acting on behalf of British merchants, who in turn were owners of the ships and for whom they bought and shipped commodities, Charleston merchants reimbursed themselves by drawing bills of exchange to their merchant correspondents in England.

This outlines that local Charleston merchants had gained a degree of entrepreneurial independence in the import trades of slaves and dry goods, where British finance heavily supplemented their capital. In the export trades, where there was less British capital and high shipping costs, Charleston merchants acted mainly as commission agents for British merchants or indigo planters. While Charleston merchants were not short of capital, the shortage of English credit as compared to that provided in the import trades, led to a great

453 Ibid. p.81
454 Ibid. p.83
455 Edelson, Max S. *Plantation Enterprise in Colonial South Carolina*, p.179
457 Partnerships were most common in the slave business where the quantity of capital required was much greater than in South Carolina’s other trades; see Nash, C.R. *Trade and Business in Eighteenth-century South Carolina: The Career of John Guerard, Merchant and Planter*, p.10
459 Ibid. pp.93, 95
portion of Charleston merchants investing in their own plantations. This fuelled the development of a class of merchant planters who planted indigo on a large scale and thus, as has been explained, often represented the capital input at the plantation node. Nash explains that: “[…] the lure of investment into the region’s slave plantation economy proved a much stronger attraction than the impulse to concentrate their resources in the foreign trade sector.” The early eighteenth century gave rise to the first generation of true overseas merchants, the majority of whom invested in land and slaves. This trend continuously intensified and the merchants of the second and third generation, who organized Charleston’s trade in the period up to the Revolution, usually combined trade with planting. Edgar and Bailey’s Directory of South Carolina House of Representatives of the period from 1692 to 1775, shows that 80% of merchants owned plantations. In the late 1740s and 1750s, indigo was hereby a popular investment with a number of leading Charleston traders acquiring indigo estates in the southern Beaufort districts of South Carolina, one of the fastest-growing sectors of the plantation economy in the frontier of that era.

It should be emphasised that in general merchants became planters rather than the other way around. Migrants from Britain such as George Austin, Benjamin Godin and John McQueen or native born South Carolinians such as Henry Laurens, Gabriel Manigault and John Gueard, all established themselves as leading export merchants before becoming large scale planters. Successful Charleston merchants in the colonial period tended to take one of two routes in their later careers: either they moved to Britain and became merchants or landowners, like George Austin, Henry Laurens’s partner, who in 1762 retired to his native Shropshire, or, like Laurens himself, they remained in Carolina and became landowners and planters. For a former merchant like Henry Laurens, who had planned another 13,200-acre indigo plantation before the start American Revolution, dye making provided a highly profitably, though

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460 Ibid. p.95
461 Ibid. pp.90, 95
464 Ibid. pp.95-6

- 78 -
speculative, investment for his time and money. Of the 119 merchant planters who served in the House of Representatives 96 (81%) were merchants before they were planters while only 13 (11%) were planters before they were merchants, with 10 (8%) apparently entered trade and planting concurrently. Merchants also made substantial indirect investments in agriculture by lending money to planters on mortgage. Planters also at times contributed to the financing of trade through passive investments in merchant-led trading ventures or ship owning groups or through lending money to merchants. Yet, it was much more common for planters to be indebted to merchants and merchants to lend money to each other within the commercial community, rather than outside of it. This outlines that it was trade that lent assistance to planting rather than planting that financed trade, a strong indication for the value creation of trade in the indigo commodity chain, which was channelled back into the plantation economy.

The diversification into indigo planting was not a symptom of entrepreneurial backwardness, but a rational investment into a booming and profitable agricultural sector. Steffen emphasises however, that southern merchants also invested in land and slaves for non-economic reasons, but in order to enhance their claims to gentility and patriarchal authority. Many elite merchants hereby saw trade not as an end in itself but as an opportunity to secure a privileged place in landed society. South Carolina’s elite made a bit for recognition as an American gentry class and harboured what Edison called “a profound craving for metropolitan acceptance and approval”. While colonists claimed that they were turning savage Indian land into a civil European one, South Carolina’s image in Britain became increasingly that of an agricultural society, marked by an alien subtropical climate and built on slave labour. Only through a cathartic break which came with the War of Independence, could former colonists start creating an identity that distinguished them from that of an idealized Britain. More importantly, the American Revolution also marked the end of South Carolina’s indigo

466 Sharrer, Terry G. The Indigo Bonanza in South Carolina, 1740-90, p.445
468 Ibid. p.95
469 Ibid. p.96
470 Ibid. p.96
471 Steffen, Charles G. From Gentlemen to Townsmen: The Gentry of Baltimore County Maryland, 1660-1776, p.108
472 Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.166
473 Ibid. p.187
474 Ibid. p.166
trade as it destroyed the dye industry in North America. During the indigo boom South Carolinian merchant planters had made intensive use of land, labour and capital, through the cultivation of indigo and in return they realized great profits but in 1775 the Continental Congress prohibited any further exports to England and after 1783 the American states no longer had the protected British market. Mercantilism thus turned against the South Carolinians after 1783, when they found themselves outside the British Empire and subject to tax penalties and imperial preferences that ruined the industry. England turned to India and the East Indies for its indigo where planters started making the best dyes in the world. American planters then not only had to compete with the French and the Spanish indigo producers, but the East Indian planters as well.

III. b. The Indigo Commodity Chain: Bengal 1775 - 1850

The American Revolution of the 1770s meant that the British lost control over American indigo supplies. By the early nineteenth century, Bengal was to become prominent in the global history of the commodity. The English East India Company (EIC) had established control over Bengal through its victory at the battle of Plassey in 1757. Already by the second half of the seventeenth century, the EIC had moved from purely commercial activities to become a colonial proprietor, governing a small but growing network of plantations in Asia and the South Atlantic. The battle of Plassey and the following take-over of Bengal however, marked the beginning of a slow and discontinuous acquisition of India. After 1757 the EIC in India had evolved into an agency of government, supported by the British state, and its resulting tasks of conquest, governance and revenue extraction superseded the company’s original commercial mission. Although its trade monopoly with India remained in place until 1813, the EIC essentially became a medium through which to repatriate Indian

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475 Sharrer, Terry G. The Indigo Bonanza in South Carolina, 1740-90, p.455
476 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.70
477 Sharrer, Terry G. The Indigo Bonanza in South Carolina, 1740-90, p.455
479 Ibid. p.33
480 Stern, Philip J. The Company State. Corporate Sovereignty and the Early Modern Foundations of the British Empire in India, p.2
481 Ibid. p.3
482 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.278
revenues for the benefit of British stockholders, rather than as a source of profit in itself. The British rule over Bengal was thus carried out by a joint-stock company with a trading monopoly which entrusted its servants with semi-sovereign rights abroad.

Around 1780's, along with the British dominance in Bengal, the EIC was eager to develop a regular means of remittance to transfer its wealth and pay for imports. While profiting from trade with the subcontinent and with China, the company, and indeed all of Europe, suffered a constant specie drain to China and consequent liquidity problems. Since manufactured goods from India faced resistance from British manufacturers, only a primary commodity could be exported. Indigo, with its high value per weight and size, offered better speculative possibilities than bills of exchange and served as a practical vehicle that could be purchased in India and readily sold in London, thus allowing the company to send profits back to Europe. As has been explained, indigo was not new to India but had been an export product from ancient times when it was traded via the silk routes. The blue dye was cultivated and processed primarily in Gujarat, Rajasthan, Lahore, Oudh and Agra where it was consumed domestically and exported to the Roman Empire and Europe. The colonial production of indigo in the American tropics however had interrupted this long established connection. The enormity of indigo supply from plantations in West Indies and in southern parts of North America, which was distinctive in lower price and superior quality, had reduced India’s export significantly.

484 Ibid. p.100
485 Chaudhuri, K.N. The English East India Company in the 17th and 18th centuries: a pre-modern multinational organisation in Tuck, Patrick Trade, Finance and Power. Volume IV, p.83
486 Sah, Raaj Features of British Indigo in India Social Scientist, p.67
487 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.55-6
488 Sah, Raaj Features of British Indigo in India Social Scientist, p.67
489 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.56
491 Sah, Raaj Features of British Indigo in India, p.67
493 Ray, Indrajit The indigo dye industry in colonial Bengal: A re-examination, p.201
Beginning in the 1770s the EIC sought to revive indigo production, but now in eastern India around the company’s stronghold of Calcutta.\textsuperscript{494} Bengal had no prior experience in the commercial production of the dye, yet it was to become the British textile industry’s main indigo supplier, as well as providing a much sought-after solution to remitting home revenue surplus.\textsuperscript{495} In 1786, the EIC’s Court of Directors, wrote to the Governor General of Bengal, with the following observation:

When we reflect upon the cheapness of labour in Bengal, and the favourable climate it enjoys, we cannot harbour a doubt of the possibility of making indigo a most valuable article of importations; neither can we too strongly inculcate the necessity of your paying the most strict attention to it. We are confident that it might become one of the very best means of remittance to this country, and one of the least prejudicial exports from Bengal.\textsuperscript{496}

By 1800, sizable imports from Bengal started to reach the British market and in 1810 the authorities in Britain reported to Bengal that indigo “[…] appears to be established as a great staple of Bengal. It supplies much of the consumption of Europe, and no rival to it seems likely to arise.”\textsuperscript{497} The growth of the indigo industry in Bengal was impressive, growing from a few pioneers in 1780 to about 500 enterprises in 1830, with one enterprise sometimes owning several indigo factories. By then, these enterprises covered on average 1,000 ha each and the entire area under indigo cultivation was about 500,000 ha.\textsuperscript{498} Indigo was to massively transform the region of Bengal, leaving an in eradicable imprint on its social, economic and political nineteenth-century history.\textsuperscript{499} Britain on the other hand was to become the new dominant trader in the commodity.\textsuperscript{500} The promotion of indigo production on such a large scale and in an area that was practically new to the crop was substantially aided by a series of fiscal and monetary policies. For instance, in the early years the British protected the young indigo industry of Bengal against competition from established producers in North India, a

\textsuperscript{494} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires, 1560-1860} in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) \textit{From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000}, p.55

\textsuperscript{495} Van Schendel, Willem \textit{The Asianization of indigo. Rapid change in a global trade around 1800} in Boomgaard, Peter, Kooiman, Dick, Nordhold, Henk Schulte (eds.) \textit{Linking Destinies: Trade, Towns and Kin in Asian History}, p.38-9

\textsuperscript{496} No. 2 Extract letter from the Court of Directors to the Governor-general in Council, Bengal, dated the 12\textsuperscript{th} April 1786 in Reports and Documents connected with the Proceedings of the East-India Company in regard to the Culture and Manufacture of Cotton-Wool, Raw Silk, and Indigo in India. Papers relating to the Culture and Manufacture of Indigo Reprinted by order of the East-India Company, J. L. Cox and Sons, London 21\textsuperscript{st} Dec 1836, p.5

\textsuperscript{497} Court of Directors in England (Commercial) to Bengal, 20\textsuperscript{th} June 1810; quoted in Van Schendel, Willem \textit{The Asianization of indigo. Rapid change in a global trade around 1800} in Boomgaard, Peter, Kooiman, Dick, Nordhold, Henk Schulte (eds.) \textit{Linking Destinies: Trade, Towns and Kin in Asian History}, p.41

\textsuperscript{498} Ibid. p.43

\textsuperscript{499} Ibid. p.30

\textsuperscript{500} Ibid. p.35
region which at that time had not yet been annexed to the British.\textsuperscript{501} The British planters in Bengal demanded a tariff protection on the grounds that indigo, being new in Bengal, necessitated larger investment and operating costs. Furthermore, they argued that the inferior quality from other indigo producing regions would destroy the reputation of Indian indigo in the world market.\textsuperscript{502} Support by the state and its subordinate the EIC was granted at almost every input in the indigo commodity chain of Bengal, and will thus become apparent through the description of each node within the chain. It enabled indigo from Bengal to acquire a competitive edge and thus become an arch-rival of the French and the Spanish indigo.\textsuperscript{503}

The first node of the indigo commodity chain in Bengal concerns itself with the production of indigo, including cultivation and processing and requiring inputs of land, labour, technological knowledge and capital. This structure of the chain is the same as has been seen in the case of South Carolina indigo. Whereas the South Carolina plantation and its slave labourers provided for both, the cultivation of the crop and the processing of the plant, the production of indigo in Bengal was however often subject to a more distinct divide between these two activities. In Bengal, indigo was processed in factories which were owned by European capitalists who entered into agreement with peasants to buy indigo leaves.\textsuperscript{504} Yet, harvested indigo had to be processed within a few hours, which meant that the indigo factories had to be located in close proximity of the indigo fields.\textsuperscript{505} Furthermore, while the indigo fields and factories were separate physical entities, they were not autonomous from each other, since without the one, the other simply would have ceased to exist. Cultivation and processing can thus still be regarded to be in the same segment of the commodity chain. The divide between factories and fields stemmed from the difficulties for European indigo producers to access land, which remained a continuous source of conflict leading to the ‘Blue Mutiny’ of the late 1850s, marking the end of indigo production in Bengal.\textsuperscript{506}

\textsuperscript{501} Ibid. p.39
\textsuperscript{502} Sah, Raaj \textit{Features of British Indigo in India} Social Scientist, p.68
\textsuperscript{503} Ray, Indrajit \textit{The indigo dye industry in colonial Bengal: A re-examination}, p.207
\textsuperscript{504} Roy, Tirthankar \textit{Indigo and law in colonial India}, p.61
\textsuperscript{505} Van Schendel, Willem \textit{The Asianization of indigo. Rapid change in a global trade around 1800} in Boomgaard, Peter, Kooiman, Dick, Nordhold, Henk Schulte (eds.) \textit{Linking Destinies: Trade, Towns and Kin in Asian History}, p.45
\textsuperscript{506} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires, 1560-1860} in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) \textit{From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000}, p.58
The issues surrounding the access to land show the resilience of the Indian economy to European intrusion.\textsuperscript{507} While the Indian economy could in certain respects be subordinated to British purposes, especially in the earlier period it could not be restructured to provide openings for a wide range of British people.\textsuperscript{508} It is important to note that the British community in Bengal was not a settler community, acquiring land and sinking roots in India that went deeper with each generation, therefore acting as an agent of an extensive British economic and cultural penetration of India.\textsuperscript{509} The great majority of those who went to Bengal only spent a limited period in the country, during which they were employed by the state or its surrogate the East India Company.\textsuperscript{510} The indigo factories of Bengal can be considered the first large organizations in rural India which were not of military or religious nature.\textsuperscript{511} The British indigo system was hereby characterized by economies of scale, vertical integration, financial integration, market intelligence, and financial support from the government.\textsuperscript{512} It was dominated by large-scale organisations like R. Watson & Co. and Earskin & Co. who owned eight factories in Birbhum and six each in Burdwan and Bankura.\textsuperscript{513} Yet, the planter community in Bengal was relatively small, comprising just over 400 by 1861.\textsuperscript{514} Local Bengali entrepreneurs on the other hand belonged mainly to the small-scale sector but some exceptions did exist. An example provides Joy Chand Palchowdhuri, who set up 32 indigo factories in and around the district of Nadia.\textsuperscript{515} However, the share of local entrepreneurs constituted less than ten per cent of the total production and the indigo market was entirely European in its character. In most cases, indigo produced by local entrepreneurs received lower prices from European middlemen operating in Calcutta, regardless of its quality.\textsuperscript{516}

While indigo planters were almost exclusively of European decent, the crop was cultivated by local peasants called raiyats.\textsuperscript{517} Sah summarises that the legal relationship between planters and cultivators in Bengal were different across regions, and even within a region.\textsuperscript{518} The EIC

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\textsuperscript{507} Marshall, P. J. \textit{British Society in India under the East India Company}, p.100 & \\
\textsuperscript{508} Ibid. p. 91 & \\
\textsuperscript{509} Ibid. p. 91 & \\
\textsuperscript{510} Ibid. p. 91 & \\
\textsuperscript{511} Sah, Raaj \textit{Features of British Indigo in India} Social Scientist, p.69 & \\
\textsuperscript{512} Ibid. p.76-7 & \\
\textsuperscript{513} Ray, Indrajit \textit{The indigo dye industry in colonial Bengal: A re-examination}, p.211 & \\
\textsuperscript{514} Renford, R.K. \textit{The Non-Official British in India to 1920}, p. 140 & \\
\textsuperscript{515} Ray, Indrajit \textit{The indigo dye industry in colonial Bengal: A re-examination}, p.211 & \\
\textsuperscript{516} Ibid. p. 212 & \\
\textsuperscript{517} Van Schendel, Willem \textit{The Asianization of indigo. Rapid change in a global trade around 1800} in Boomgaard, Peter, Kooiman, Dick, Nordhold, Henk Schulte (eds.) \textit{Linking Destinies: Trade, Towns and Kin in Asian History}, p.43 & \\
\textsuperscript{518} Sah, Raaj \textit{Features of British Indigo in India}, p.69 & \\
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in Bengal governed a vast area and its European staff was miniscule in comparison which posed a wide range of administrative challenges. In a bit to keep down local unrest, the company initially forbade the purchase or even direct leasing of land by Europeans. Landownership vested with the local zamindars, who acted as intermediaries for the EIC. This proposes another actor within the commodity chain whose cooperation was necessary for its successful functioning. McCreery describes zamindars as rent-collecting classes. It is important to note however, that they represented a diverse group ranging from enormous estate owners who possessed military capacity as well as judicial and administrative responsibilities, to landlords that operated on a much smaller scale. The agrarian hierarchy in Bengal was often complex, with several possible intermediates between the zamindar and the actual tiller of the soil. In this scenario two systems commonly used to access land for the production of indigo emerged: the planters could contract with peasants for growing the crop on lands to which the latter had tenant rights (called ryotari or peasant farming) or they could grow indigo themselves on estates that they leased from a zamindar, called nij or own farming. In the ryotari or peasant framing system, the Indian peasant had rights to the land based on the payments of rents to the local zamindar. The plantation of indigo rather than other crops was thereby assured through a system of debt: to pay his rent and ensure access to land and survival the raiyat obtained cash advances from the indigo planters, which were to be repaid with indigo plants at the next harvest. This led to the majority of the rural population being indebted with such debt even being passed on through generations. The nij method, in which land was leased directly from the local zamindar, usually involved the eviction of peasants from their hereditary land which were then routinely forced to work as wage

519 Swamy, Anand V. Land and Law in Colonial India, in Ma, Debin, Van Zanden, Jan Luiten (eds.) Long-term Economic Change in Eurasian Perspective, p.140
520 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.57
521 Roy, Tirthankar Indigo and law in colonial India, p.62
522 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.57
523 Swamy, Anand V. Land and Law in Colonial India in Ma, Debin, Van Zanden, Jan Luiten (eds.) Long-term Economic Change in Eurasian Perspective, p.140
524 Ibid. p.4
525 Roy, Tirthankar Indigo and law in colonial India, p.62
526 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.57
527 Ibid. p.57
labourers. The table below shows however that production was cheaper in the ryotary arrangement compared to nij cultivation.

<table>
<thead>
<tr>
<th>Sample Factory</th>
<th>Ryotari Cultivation</th>
<th>Nij Cultivation</th>
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<tbody>
<tr>
<td>1</td>
<td>3.00</td>
<td>3.50</td>
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<tr>
<td>2</td>
<td>3.25</td>
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<td>3</td>
<td>1.75</td>
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<td>4</td>
<td>3.00</td>
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<td>5</td>
<td>1.56</td>
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<tr>
<td>6</td>
<td>3.60</td>
<td>4.25*</td>
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<tr>
<td>7</td>
<td>3.30*</td>
<td>3.50*</td>
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<tr>
<td>8</td>
<td>1.87*</td>
<td>2.81*</td>
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<td>9</td>
<td>2.36</td>
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<td>10</td>
<td>1.36</td>
<td>4.75</td>
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<tr>
<td>Total</td>
<td>2.50</td>
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*R* Average figure

_Sources:_ Report of Indigo Commission, Appendix I, pp. i–xii, PP.HC., 1861, Vol. 44.

Roy explains that the possession of land was not a primary concern to the European planters in India. The main commitment was the production of a commodity at lowest possible cost, and few planters wanted to become fully fledged landlords or farmers. The cost of production was however almost always lower in the ryotari system of debt as opposed to the nij system which required wage labour. This system of debt, often applied in combination with physical intimation, also allowed the planters to impose indigo on cultivators even when other crops such as rice would have proved to be more profitable for the peasants. Bose thus summarises that: “the key to the planters general preference for the raiyati [ryotary] variety of production process was that it rested on grossly unpaid or underpaid peasant family labour.”

This directly ties in with the labour input at the production node of the indigo commodity chain in Bengal. Cultivation of indigo generally continued to be on small plots worked by

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528 Sah, Raaj _Features of British Indigo in India_, p.72
529 Ray, Indrajit _The indigo dye industry in colonial Bengal: A re-examination_, p.222
530 As shown in Ray, Indrajit _The indigo dye industry in colonial Bengal: A re-examination_, p.222
531 Roy, Tirthankar _Indigo and law in colonial India_, p.62
532 McCreery, David _Indigo Commodity Chains in the Spanish and British Empires, 1560-1860_ in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) _From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000_, p.57
533 Bose, Sugata _The New Cambridge History of India. Peasant Labour and Colonial Capital: Rural Bengal since 1770_, p.74
family labour with no immediate European involvement in this workforce.\textsuperscript{534} In most cases, the planter did not care how the leaves were produced as long as the indebted raiyat delivered them in time.\textsuperscript{535} The planters also often resorted to coercion to impose indigo on cultivators and to keep them bound to the system as long as possible.\textsuperscript{536} The brutalities of the British indigo system were very much evident in its formative years and since the early nineteenth century resistance from cultivators was common.\textsuperscript{537} If legal privileges did not suffice, processors thus used physical force with an example being provided by a widow who begged for protection from ‘the violence of the indigo gentleman.’\textsuperscript{538} McCreery states that: “Not surprisingly, feelings ran high, and the tension eventually exploded in the ‘Blue Mutiny’ of the late 1850s.”\textsuperscript{539} It is worth pointing out that such a view has also been challenged. Roy argues that the use of coercion and the planter’s ability to manipulate the institutions of the state has been overstated.\textsuperscript{540} Clearly great power asymmetries in the planter-cultivator relationship existed. When the EIC decided to develop the indigo industry in Bengal, the choice of cropping pattern was taken away from cultivators on a widespread scale.\textsuperscript{541} Roy does however remind us, that landownership belonged to the zamindars and some of the tenants were organised and influential. As the indigo commission evidence shows, many of the planter’s adversaries were not poorer peasants, but peasants with privileged tenure.\textsuperscript{542}

While a closer examination of the ‘Blue Mutiny’ is beyond the scope of this paper, Roy’s reasoning once again underlines that India was not a settler colony, but rested on an established society with its own hierarchy in place. The indigo system, although clearly imposed and fostered by the EIC and the European planters, was subject to a variety of local

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\textsuperscript{534} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires}, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) \textit{From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy}, 1500-2000, p.59
\textsuperscript{535} Ibid. p.59
\textsuperscript{536} Sah, Raaj \textit{Features of British Indigo in India} Social Scientist, p.69-70
\textsuperscript{537} Ibid. p.71
\textsuperscript{538} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires}, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) \textit{From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy}, 1500-2000, p.60
\textsuperscript{539} Ibid. p.58
\textsuperscript{540} While not disputing that coercion existed, Roy (pp.66-7) proposes to see the crisis as a dispute over the terms of sale whereas the contract between peasant and planter was flawed because it did not incorporate each party’s risks. The peasant’s risks hereby stemmed from price shifts relative to rice production and the planter’s risks regarded the non-delivery of goods. Both such risks drastically increased in the 1850s leading to an expanding conflict between the two parties (Roy, pp.73-4). See Roy, Tirthankar \textit{Indigo and law in colonial India}, pp.66-7, 73-4
\textsuperscript{541} Sah, Raaj \textit{Features of British Indigo in India}, pp.69-70
\textsuperscript{542} J. O’Brien Saunders, editor of \textit{Englishman} and former planter, \textit{Report of Indigo Commission} 1861; quoted in Roy, Tirthankar \textit{Indigo and law in colonial India}, p.67
\end{flushright}
actors. The European indigo planters often worked in collaboration with parts of the Indian society that were “[...] better able to secure [...] cultivation, from their immediate connexion with the cultivators.” McCreery acknowledges that labour was normally not directly coerced but that planters hired other agents through which a system of indirect coercion could be applied. While he refers to ‘hired thugs’ that made certain that indigo was available on time, Ray advocates this role to ‘orderly peons’ which preformed the job of supervision of the cultivators. Roy outlines that in areas that were rather new to indigo, planters ensured its cultivation through local ‘headmen’. In more established indigo regions, the headmen’s authority had however been appropriated by paid officers of the indigo factory which often came from upper castes and possessed a working knowledge of English but yet had strong ties to the local peasants. Often these officers possessed superior tendency rights to land but did not cultivate it themselves. Swamy also outlines that while zamindars represented the first tier in the agrarian hierarchy, other powerful actors which often had tenants of their own, existed on the village level. The indigo factory was also a source of direct employment for parts of the local population and a large number of Indians therefore participated in British plantations as subordinates employed in administration, production and policing activities. The biggest section of factory workers was hereby represented by manufacturing workers. Additionally, transport operators such as boat- and cart-men collected raw materials as well as transported the dye to Calcutta. While the employees at lower ranks usually received a fixed salary, higher ranked positions received a salary plus a commission on revenue.

The British indigo system was characterized by economies of scale, but cooperation from local landlords and help from the imperial administration was necessary for British planters to exercise power over the main inputs of production, namely, labour and land. The technology input in the plantation node of the indigo commodity chain in Bengal was marked through government support in even more direct ways: the British authorities sent samples of

543 Ibid. p.65
544 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.59
545 Ray, Indrajit The indigo dye industry in colonial Bengal: A re-examination, p.214
546 Roy, Tirthankar Indigo and law in colonial India, p.65
547 Swamy, Anand V. Land and Law in Colonial India in Ma, Debin, Van Zanden, Jan Luiten (eds.) Long-term Economic Change in Eurasian Perspective, p.140
548 Sah, Raaj Features of British Indigo in India, p.72
549 Ray, Indrajit The indigo dye industry in colonial Bengal: A re-examination, p.213
550 Ibid. p.213
551 Sah, Raaj Features of British Indigo in India Social Scientist, p.72
552 Ibid. pp.76-7
the best Caribbean indigo dye for their emulation and wrote letters on how to process indigo.\textsuperscript{553} Bengal indigo faced initial difficulties in its aspirations to imitate the established ‘brand’ of the global commodity since the dye was often shaped imperfectly in squares, containing white veins.\textsuperscript{554} The EIC provided detailed technical reports on the drawbacks of indigo from Bengal compared to others, as well as descriptions of remedial measures to overcome shortcomings.\textsuperscript{555} Additionally, experienced indigo planters from the Caribbean were encouraged to start indigo plantations in Bengal.\textsuperscript{556} Following the United States independence, the EIC also imported planters from the American South to bring the latest techniques back to India.\textsuperscript{557} The international migration of indigo entrepreneurs and managers enabled the transfer of knowledge and technology from the Americas to South Asia: immigrated indigo entrepreneurs introduced new models of organisation, labour discipline and management which had been developed in prominent indigo producing regions such as Haiti and were adapted to local conditions.\textsuperscript{558} Benefiting from eighteenth century forms of technology, processing thus underwent an almost identical procedure as has been described in regard to South Carolina.\textsuperscript{559} This largely resulted from the communication between different indigo commodity chains, as well as the global standards of the commodity itself.\textsuperscript{560} While the indigo factories therefore operated through standardized European models marked by economies of scale, the cultivation of the crop was to a large extent based on small-scale family labour. The problems surrounding access to land resulted in the failure of capital to penetrate the countryside and restructure agriculture on the basis of capitalist rationality.\textsuperscript{561}

\textsuperscript{553} Van Schendel, Willem \textit{The Asianization of indigo. Rapid change in a global trade around 1800 in Boomgaard, Peter, Kooiman, Dick, Nordhold, Henk Schulte (eds.) Linking Destinies: Trade, Towns and Kin in Asian History, p.39

\textsuperscript{554} Ray, Indrajit \textit{The indigo dye industry in colonial Bengal: A re-examination, p.204

\textsuperscript{555} Ibid. p.206

\textsuperscript{556} Van Schendel, Willem \textit{The Asianization of indigo. Rapid change in a global trade around 1800 in Boomgaard, Peter, Kooiman, Dick, Nordhold, Henk Schulte (eds.) Linking Destinies: Trade, Towns and Kin in Asian History, p.39

\textsuperscript{557} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.64

\textsuperscript{558} Van Schendel, Willem \textit{The Asianization of indigo. Rapid change in a global trade around 1800 in Boomgaard, Peter, Kooiman, Dick, Nordhold, Henk Schulte (eds.) Linking Destinies: Trade, Towns and Kin in Asian History, p.45

\textsuperscript{559} Ibid. p.45

\textsuperscript{560} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.62

\textsuperscript{561} Ibid. p.58
The capital input at the indigo commodity chain in Bengal thus shows that in most cases commercial capital only indirectly penetrated the first levels of production, as in the cultivation of the crop, through a system of debt.\textsuperscript{562} European controlled indigo processing got its start with financing from the East India Company.\textsuperscript{563} The company ensured the availability of capital and money was advanced to Bengal planters on the security of indigo which provided planters with a source of a working capital loan without any charge of interest.\textsuperscript{564} The policy was instrumental to the development of the industry by creating a strong base of private capital. In 1802 however the company effectively withdrew from the direct funding of indigo, preferring to buy the dye it needed through contracts or on the spot market. The Court of Directors observed that:

[S]ufficient pecuniary encouragement has already been given to the merchants of your presidency concerned in the cultivation and manufacture of indigo, and [...] from the large profit that has arisen from the produce of that commodity at the Company’s sales, the merchants may be able, from their own resources, to make the necessary advances for carrying it on\textsuperscript{565}

From then on, capital was funnelled through ‘agency houses’, which led to their growing importance in the financing of the production of the dye.\textsuperscript{566} Agency houses engaged in a wide range of commercial activities, including banking, shipping, investment in commodity production, as well as agency work such as the handling of wills, trusts, the estates of clients, and the remittance of their wealth to England or elsewhere.\textsuperscript{567} Jones explains that private merchants, who had often served for the EIC and who retained close collaborative links with it, developed a large trade within Asia during the second half of the eighteenth century. These traders showed an early tendency to diversify out of trade and make investment in other activities. By the 1790s British agency houses in India thus began investing in indigo plantations, often persuading others to invest in their ventures but retaining management of them.\textsuperscript{568} At this time, fifteen agency houses operated out of Calcutta, the centre of Bengal’s commercial activity, rising to twenty nine in 1803, a number that fluctuated over time but

\begin{itemize}
  \item \textsuperscript{562} Ibid. p.60
  \item \textsuperscript{563} Ibid. p.61
  \item \textsuperscript{564} Ray, Indrajit \textit{The indigo dye industry in colonial Bengal: A re-examination}, p.205
  \item \textsuperscript{565} \textit{Letter from the Court of Directors to the Governor-General in Council}, Bengal, 18\textsuperscript{th} September 1802, collection no. 13; as quoted in Ray, Indrajit \textit{The indigo dye industry in colonial Bengal: A re-examination}, p.205
  \item \textsuperscript{566} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires, 1560-1860} in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) \textit{From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000}, pp.61-2
  \item \textsuperscript{567} Webster, Tony \textit{An Early Global Business in a Colonial Context: The Strategies, Management and Failure of John Palmer and Company of Calcutta, 1780 – 1830}, p.99
  \item \textsuperscript{568} Jones, Geoffrey \textit{Merchants to Multinationals. British Trading Companies in the Nineteenth and Twentieth Centuries}, pp.29-30
\end{itemize}
certainly further increased following the opening of trade between Britain and India in 1813.\textsuperscript{569}

The importance of agency houses was also fuelled by a series of financial crises of the EIC in the 1770s and 1780s. While the British government came to rescue the EIC, it tightened its control over the company, resulting in the Cornwallis reforms in the late 1780s. In a bit to improve governance and reduce corruption in the Company’s bureaucracy, Charles Cornwallis was appointed new Governor-General and sent to Calcutta in 1786.\textsuperscript{570} His reforms included the raise of EIC employees’ salaries but at the same time they were banned from engaging in private commercial activity.\textsuperscript{571} On the one hand this eliminated competition of privileged EIC servants, on the other hand company servants now needed new opportunities to invest their boosted funds and repatriate their savings.\textsuperscript{572} Operating through ‘sister’ houses in London, agency houses represented the best possible outlet, as they provided banking facilities as well as agency services for their personal clients, offering attractive rates of interest on deposits and facilitating remittance to Britain through bills of exchange. The deposits of European savings in India thus furnished the firms with a vast pool of capital to finance indigo production.\textsuperscript{573} This type of banking, as a means to generate investing, together with the development of close commercial connections with the City of London, represents a distinctive form of European commercial organisation during that period.\textsuperscript{574} Most private entrepreneurs were therefore closely linked with the civil servants and officers of the EIC, acting as their bankers and borrowing from their savings to finance their own enterprises.\textsuperscript{575}

\textsuperscript{569} Webster, Tony An Early Global Business in a Colonial Context: The Strategies, Management and Failure of John Palmer and Company of Calcutta, 1780 – 1830, p.102
\textsuperscript{570} Swamy, Anand V. Land and Law in Colonial India in Ma, Debin, Van Zanden, Jan Luiten (eds.) Law and Long-term Economic Change in Eurasian Perspective Stanford University Press, p.141
\textsuperscript{571} Webster, Tony An Early Global Business in a Colonial Context: The Strategies, Management and Failure of John Palmer and Company of Calcutta, 1780 – 1830, p.100
\textsuperscript{572} Ibid. p.100
\textsuperscript{573} Ibid. pp.100-1
\textsuperscript{574} Ibid. p.101; also see Chapman, S.D. The Agency Houses: British Mercantile Interests in the Far East, c. 1780-1920 pp.241-2
\textsuperscript{575} Marshall, P. J. British Society in India under the East India Company, p.100; an excellent example hereby provides Palmer and Company, which may have been the most famous British commercial firm in India during the first three decades of the nineteenth century and John Palmer was known as ‘the price of merchants’ in Bengal (Webster, p.99). He was the son of EIC servant General William Palmer. William Palmer could not secure a post at the EIC through patronage for his son, as he was closely associated with former Governor General Warren Hastings who fell out of favour with the EIC in the 1780s. His second marriage to the Muslim noblewoman Fyze Baksh further worked against him and his children (Webster, p.107). John Palmer therefore started to work at the Calcutta agency house of Burgh, Barber and Company in 1791, where he established himself as a senior partner. In 1801 the firm merged with Cockerell and Trail which was to become its partner in London and in 1810 the Calcutta house was renamed Palmer and Company (Webster, p.108). Palmer arranged trusts, wills and the repatriation of children for education as well as providing new arrivals with cash, guidance
Indigo in Bengal was prone to overproduction since the commodity was driven by remittances as much as market demand. Trading profits as well as the opportunity to get their clients’ wealth back to England attracted agency houses to invest in the commodity. Agency houses thus often overextend themselves when financing indigo production, leading to a major crisis in the early 1830s during which many of the agency houses collapsed. Due to the remoteness of most indigo factories, the agency houses also struggled to monitor their debtors, often leading to tardiness in the servicing and repayment of debts. Palmer and Company was among the first to default and Chaudhuri goes as far as describe the fall of the firm as the ‘signal’ for the general crisis in business confidence that followed, leading to the failure of almost all Calcutta houses by 1834. Several newly formed agency houses took over the financing of the crop, but many of them failed too during the crisis of 1847-1848. Despite such instabilities, India grew steadily as a major exporter of indigo and most London corresponding houses were therefore eager to exert firmer control over enterprise in India. As India ceased to be an exotic outpost and became more and more integrated into the mainstream imperial economy, English merchant houses settled their own factors and branches in Bengal, and by the 1850s London interests were firmly in charge. The major

and introductions to society (Webster, pp.109-110). Connections were used to promote careers of important or promising clients through patronage who would in time repay Palmer with large deposits (Webster, p.112). Trust funds of clients on the other hand helped to ensure Palmer and Company’s financial stability, promoting long-standing relations with client families, managing their financial affairs through generations. Webster (p.111) calls this “[…] the ultimate ploy of the ‘family-friendly’ business”. Additionally, Palmer offered higher interest ‘fixed balance’ accounts on the provision that funds could only be withdrawn with a three months notice (Webster, p.111). These activities allowed the engagement in investment, and indigo was probably the most important item in Palmer and Company’s loan portfolio (Webster, pp.113-4). See Webster, Tony An Early Global Business in a Colonial Context: The Strategies, Management and Failure of John Palmer and Company of Calcutta, 1780 – 1830, pp.99, 107-9, 111-4

McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.62


McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.62


Chaudhuri (ed.) The European Understanding of India. The Economic Development of India under the East India Company 1814-1858, p.21

McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.62


McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the
share of the capital input in the indigo production node was therefore obtained at first through the EIC and later through agency houses based in Calcutta. Both types of institutions were, of course, strongly linked to the City of London, whose service sector increasingly tightened its control over Bengal trade.

As outlined, the production of the dye was characterized through inputs of land, labour, technological knowledge and capital. The indigo factories were located in the interior and the commodity therefore had to be transported to Calcutta by local boat and cart-men.\textsuperscript{585} While such labour could be performed much more cheaply by local Indians than their British counterparts, crucial positions in the management of India's overseas trade, whether it was handled by the Company as a trading body or by British mercantile concerns, remained to be reserved for Europeans.\textsuperscript{586} Calcutta rapidly expanded and became the hub of industry, trade and commerce, boosting a lively British community.\textsuperscript{587} It is worth noting that the British in India never conceived of themselves in any other terms, subscribing themselves as much as possible to a British life style.\textsuperscript{588} Even in the early periods, when their numbers were relatively few, or in far-flung areas were they lived in relative isolation, when communications with home were slow and when terms of uninterrupted service in India were very long indeed, the British still did not merge into India.\textsuperscript{589} Webster argues however that such a segregation from Indian culture continually increased in the course of the nineteenth century marked by growing efforts to create islands of “Britishness”.\textsuperscript{590} Marshall explains that Calcutta was hereby modelled against an ideal of civility, fuelling the foundation of societies to disseminate learning and improvement. Funds were generously subscribed for philanthropic purposes with committees elected to administer them, books were imported in large quantities leading to the set up of circulating libraries, printing was established and newspapers proliferated. Cultural ambitions ran high and social life revolved around field sports, riding, music performances and a cold weather season of balls, assemblies and theatricals. The theatres, race courts and assembly rooms provide testimony to the exceptional

\textsuperscript{584} Webster, Tony An Early Global Business in a Colonial Context: The Strategies, Management and Failure of John Palmer and Company of Calcutta, 1780 – 1830, p.129
\textsuperscript{585} Ray, Indrajit The indigo dye industry in colonial Bengal: A re-examination, p.213
\textsuperscript{586} Marshall, P. J. British Society in India under the East India Company, p.91-2
\textsuperscript{587} Sah, Raaj Features of British Indigo in India Social Scientist, p.76
\textsuperscript{588} Marshall, P. J. British Society in India under the East India Company, p.101
\textsuperscript{589} Ibid. p.101
\textsuperscript{590} Webster, Tony An Early Global Business in a Colonial Context: The Strategies, Management and Failure of John Palmer and Company of Calcutta, 1780 – 1830, p.105
wealth concentrated in Calcutta.\textsuperscript{591} The port city flourished through trade, but whatever trends it may have reflected from British metropolitan society, Anglo-India was essentially a military society built on Indian foundations. British people in India, regardless if military or civilian, could hardly ignore that they were part of an extrinsic regime dependent on its army.\textsuperscript{592} They lived in what has been dubbed a ‘company-state’.\textsuperscript{593} The EIC hereby even determined who could reside in the colony and what activities they might pursue.\textsuperscript{594}

When looking at the indigo trade centred in Calcutta, it comes as no surprise that the company played a central role. The EIC provided much of the initial capital for the European takeover of the commodity and controlled its transport to London.\textsuperscript{595} From the decision to develop indigo in Bengal, the company together with the English government, introduced various further policies to nurture its trade. As already mentioned, the British protected the young indigo industry of Bengal against competition from other established Indian regions through imposing a transit duty on their indigo passing through Calcutta.\textsuperscript{596} To promote the local industry’s development, a favourable trade contract was further awarded to Joseph Princep in 1779 and six more such contracts followed until 1786.\textsuperscript{597} However, a letter from the Court of directors to the Governor-general in Council, Bengal, on the 28\textsuperscript{th} March 1788 states that:

\begin{itemize}
\item \textsuperscript{591} Marshall, P. J. British Society in India under the East India Company, p.101-2
\item \textsuperscript{592} Ibid. p.102
\item \textsuperscript{593} taken from Stern, Philip J. The Company State. Corporate Sovereignty and the Early Modern Foundations of the British Empire in India
\item \textsuperscript{594} McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.65: An example provides the following excerpt of a letter from the Court of Directors to the Governor-general in Council, Bengal, in 1787, regarding the migration of a planter from the West Indies: “Application having been made to us by Mr. Robert Heaven, for permission to proceed to Bengal to apply himself of the cultivation and improvement of sugar, cotton and indigo, and being well satisfied with the qualifications of Mr. Heaven, who for thirteen years past has employed his talents in the culture of those valuable articles in the West Indies, we have permitted him to proceed to your Presidency and remain there five years, under the usual covenants and restrictions entered into by persons allowed to proceed to India to practice in the way of their profession […]” See No. 3 Extract letter from the Court of Directors to the Governor-general in Council, Bengal, dated the 27\textsuperscript{th} March 1787 in Reports and Documents connected with the Proceedings of the East-India Company in regard to the Culture and Manufacture of Cotton-Wool, Raw Silk, and Indigo in India. Papers relating to the Culture and Manufacture of Indigo Reprinted by order of the East-India Company, J. L. Cox and Sons, London 21\textsuperscript{st} Dec 1836, p.6
\item \textsuperscript{595} McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.65
\item \textsuperscript{596} Van Schendel, Wiille The Asianization of indigo. Rapid change in a global trade around 1800 in Boomgaard, Peter, Kooiman, Dick, Nordhold, Henk Schulte (eds.) Linking Destinies: Trade, Towns and Kin in Asian History, p.39
\item \textsuperscript{597} Ray, Indrajit The indigo dye industry in colonial Bengal: A re-examination, pp.203-4
\end{itemize}
Having taken a review of the issue of our concerns in the article of indigo, from the time of our Board of Trade entering into the first contract for that article with mister Prinsep, in the year 1779-80, up to the latest period, we are sorry to remark the very heavy losses that have constantly occurred thereon.  

On average, such loss amounted to 27 per cent during 1779-85. For instance, in 1786 the company had invested £30,207 but got back only £21,596, that is, 28 per cent below the margin of cost. This also shows that despite all supportive measures and market incentives, the efforts of the company to establish Bengal as the new world centre for indigo production were marked by struggles. While the basic policy of exploiting a primary commodity through imperial powers remained the same, the EIC had to experiment with different methods, which resulted in policies that often displayed what Sah calls ‘a multilevel schizophrenia’ between protection and competition, as well as long-term aim and short-term expediency.  

In 1788 the Court of Directors stated that:

From a due consideration of these circumstances, we see a necessity for adopting some other measures concerning this article, than those that have been heretofore pursued. [...] We feel with reluctance, that an article which, considered in a political point of view, has every claim to our attention, as having a tendency to render the Company’s possession in Bengal more valuable, by creating from the soil and labour of the natives an export commerce, capable of being carried to a very great extend, as well as ultimately to benefit this country, in supplying an article so necessary to its manufactures, and for which large sums are annually paid to foreigners, should be wholly abandoned, after the very heavy expenses that have been incurred, in bringing it to the degree of perfection at which it is now arrived [...]  

As had been explained in the technology input at the production node of the commodity chain, Bengal indigo suffered from initial drawbacks in quality and did not sufficiently replicate the most popular ‘brand’ of the global commodity. In a bit to increase its quality and thus receive higher prices for Bengal indigo, and after having endured large losses from the provision of favourable trade contracts, the EIC decided to privatise the market:

We are led to the measure of laying open this branch of trade, in the hopes that it will create among individuals that kind of competition, which will not fail to operate in bringing the article to its greatest possible state of perfection, and as well as to ascertain the lowest rate at which it is possible to be manufactured : in addition to

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598 No. 4 Extract letter from the Court of Directors to the Governor-general in Council, Bengal, dated the 28th March 1788 in Reports and Documents connected with the Proceedings of the East-India Company in regard to the Culture and Manufacture of Cotton-Wool, Raw Silk, and Indigo in India. Papers relating to the Culture and Manufacture of Indigo Reprinted by order of the East-India Company, J. L. Cox and Sons, London 21st Dec 1836, p.7
599 Ray, Indrajit The indigo dye industry in colonial Bengal: A re-examination, pp.203-4
601 Sah, Raaj Features of British Indigo in India, p.76
602 No. 4 Extract letter from the Court of Directors to the Governor-general in Council, Bengal, dated the 28th March 1788 in Reports and Documents connected with the Proceedings of the East-India Company in regard to the Culture and Manufacture of Cotton-Wool, Raw Silk, and Indigo in India. Papers relating to the Culture and Manufacture of Indigo Reprinted by order of the East-India Company, J. L. Cox and Sons, London 21st Dec 1836, p.9
which we conceive that it will afford the Company’s servants a legal, ample, and we hope advantageous mode of remitting their fortunes to Europe [...] 603

Looking at these sources, it becomes clear that despite apparent problems and struggles, the company repeatedly underscored Britain’s political and economic interest in indigo. 604 The commodity thus remained subject to favourable trade policies: in 1789, the export duty on Bengal indigo had been removed and its import duty in England was also reduced from five per cent to two and a half per cent in 1791, and was completely removed in 1793 for the following five years. Indigo continued to enjoy a preferential treatment until 1819. For instance, in 1803-4 the indigo import duty in England was 11 s. 8 25/40 d. per 100 pounds for East India, as against 14s. 3/4 d. for other British plantations, £1 17s. 6d. for the US and £2 19s. 7d. for even others. 605 The efforts paid off and once its quality had been ensured Bengal indigo captured the British market very fast. East India’s share in the British trade increased from only 10 per cent in 1785, to 25 per cent in 1790 and 50 per cent in 1794. By 1815, East India served more than 99 per cent of the British market, and while this trend had been accelerated through the Napoleonic wars from 1793 to 1814 which disrupted Britain’s conventional sources of the commodity, the increase in indigo trade from Bengal is nevertheless impressive: in volume, its intake by Great Britain rose from 0.15 million pounds in 1785 to 1.40 million pounds in 1794 and further to 7.25 million pounds in 1815. 606

Indigo in hand the planters or agency houses had several options. Often they were bound to the company by contract. A popular form of contract with planters was an advanced payment system which was introduced by the EIC in 1811. It envisaged that the government would pay an advance to the planters for indigo on the condition that they must sell it to the company at the ruling price in England. 607 If they were not bound to the company by contract, they could sell on the spot market where they encountered not just company buyers but also agents representing, for example, U.S. and European interests. 608 Planters or agency houses could also forward indigo directly to London, paying the company for shipping, and selling the dye there on their own account. 609 The graph below shows the most important destinations for the

603 Ibid. p.10
604 Ray, Indrajit The indigo dye industry in colonial Bengal: A re-examination, p.204
605 Ibid. p.206
606 Ibid. p.208
607 Ibid. p.206
608 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.66
609 Ibid. p.66
commodity, leaving Calcutta for 1805-6. London’s dominance in the Bengal indigo trade is hereby unquestioned.

The omnipresent role of the EIC in Bengal did of course not pass by the agency houses in Calcutta, which enjoyed an ambivalent relationship with ‘John Company’. The firms helped EIC to finance wars and trading activities by promoting the purchase of Indian government securities and their relations were further tightened since many of the company’s officials provided lucrative clients who entrusted their savings to the agency houses.  

However, the company’s trade monopoly which remained in place until 1813 was a source of frustrations for the houses that sought access to the British domestic market and the EIC also at times competed with the houses for funds of Europeans in India. War and territorial expansion resulted in a need for the company to borrow heavily through the issue of government securities. In order to hold onto deposits, the agency houses therefore frequently had to offer higher rates of interests which contributed to bankruptcy and crisis. Ultimately however, the crisis of the 1830s and 1840s are symptoms of a structural speciality of the indigo trade from Bengal. What set the region apart from others was that the amount of indigo delivered to the markets depended not entirely on actual or anticipated demand or even on price, but on

610 Ray, Indrajit *The indigo dye industry in colonial Bengal: A re-examination*, p.210
613 The Anglos-Burmese war (1824-1826) hereby provides a good example as it also contributed greatly to the crisis of the 1830s, driving many such houses into bankruptcies. Before the war, the company had reduced its borrowing in order to encourage the agency houses to expand investment in productive enterprise. Having invested large funds in long-term projects such as indigo production, the houses thus also suffered serious problems of liquidity in addition to the inflated interest payments when war broke out. See Webster, Tony *An Early Global Business in a Colonial Context: The Strategies, Management and Failure of John Palmer and Company of Calcutta, 1780 – 1830*, p.103
the need for the company and private business in Bengal to remit payments and profits to
Europe.\textsuperscript{614} McCreery points out that: “It is not surprising, therefore, that the London market
for indigo underwent violent and wholly unpredictable swings, stimulating speculation and
leaving a waste of bankruptcies in their wake.”\textsuperscript{615}

Despite such episodes of great financing mishaps encountered by individual planters and
agency houses, the indigo trade grew steadily and Britain had adequate capital available for
its finance.\textsuperscript{616} However, the failure of capital to penetrate the countryside and the increasing
resistance of cultivators, leading to break out of violence in the ‘Blue Mutiny’ of the late
1850s, started to seriously threaten the British order in Bengal. As a result, at the end of 1860
the company proclaimed that growing of indigo could not be imposed against the will of the
cultivators anymore.\textsuperscript{617} Yet, the British administration had taken care to ensure that the indigo
system in other Indian regions remained insulated from the events in Bengal.\textsuperscript{618} Shortly
thereafter, the indigo industry in Bengal was shifted to the neighbouring states of Bihar and
the United Province.\textsuperscript{619}

\textbf{III. c. Comparative Analysis: Empire, Services and Gentlemen in the Indigo Commodity
Chains}

The two case studies provided are very different indeed. They function under different
socioeconomic and geopolitical conditions, are set in different timeframes and operate on
opposite sides of the globe, converging only at the commodities’ destination in London. Yet,
the outline of the factors of production and trade with the commodity allows for comparative
analysis. The two tables below graphically illustrate the two indigo commodity chains as they
have been outlined in part III. a and III. b.

\textsuperscript{614} McCreery, David \textit{Indigo Commodity Chains in the Spanish and British Empires, 1560-1860} in Topik, Steven,
Marchal, Carlos, Frank, Zephyr (eds.) \textit{From Silver to Cocaine. Latin American Commodity Chains and the
Building of the World Economy, 1500-2000}, p.66
\textsuperscript{615} Ibid. p.66
\textsuperscript{616} Ibid. p.62
\textsuperscript{617} Sah, Raaj \textit{Features of British Indigo in India}, p.71
\textsuperscript{618} Ibid. p.71
\textsuperscript{619} Ray, Indrajit \textit{The indigo dye industry in colonial Bengal: A re-examination}, p.212
Cain and Hopkins urge us to view imperialism as a process transmitting impulses from a particular source of energy; a definition which is open enough to encompass different types of domination and doesn’t confine itself to a specific historical stage.\textsuperscript{620} The expansion of Empire was hereby driven by the search for revenue to bolster trading profits, which increasingly financed the British military fiscal state, leading to a convergence of political power and the wealth of the service sector into what Cain and Hopkins described as

\textsuperscript{620} Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.55
gentlemanly capitalism.\textsuperscript{621} Indigo thus acts as a reference point; it provides guidance though different world regions, imperial systems and timeframes. The commodity was highly sought after by the expanding British textile industry and its demand was thus greatly fuelled through industrialisation. The dyestuff therefore provides an excellent means to test Cain and Hopkins argument of gentlemanly capitalism. Looking at the governance structure of the indigo commodity chains, allows for an analysis of the driving ‘agents’ within those two different parts of the British Empire. Views that the British Empire was driven by the need to provide raw materials to an industrialising Britain, therefore representing mainly industrial interests, can hereby be questioned. In short, the comparative analysis of the two indigo commodity chains allows us to explore Cain and Hopkins’s account of British imperialism against specific, yet different, case studies. Such a comparison also sheds light on the broader political, economic and social environments in which these chains operate and serves to outline the institutional and systemic factors that shape the chains.

This is in line with Bair’s appeal to study the factors that can be called ‘external’ to commodity chains more closely, stating that:

\begin{quote}
The next generation of commodity chain research should focus on complementing the strengths of the chain framework as an approach that allows us to conceptualize and study global capitalism as it is manifest in particular inter-firm networks that link economic actors across space. [...] what we need to study more closely are the factors external to chains that shape their geography and configuration, and strongly affect the extend to which different actors benefit from participating in them.\textsuperscript{622}
\end{quote}

This terminology can be misleading, as ‘external’ factors are hereby considered very constitutive of commodity chains and are often as critical to their development as ‘internal’ ones. The term does however provide a differentiation from those ‘internal’ factors that describe characteristics of production and transaction processes and therefore outline the ways in which these produce particular governance structures.\textsuperscript{623} It will become clear that both, ‘internal’ and ‘external’, variables have the capacity to significantly influence the governance structure of a commodity chain. Humphrey and Schmitz definition of governance allows room for both such variables stating that “the concept is used to refer to the inter-firm and institutional mechanism through which non-market co-ordination of activities take place. This coordination is achieved through the setting and enforcement of product and process parameters to be met by actors in the chain.”\textsuperscript{624} While the governance of the indigo

\textsuperscript{621} Ibid. p.94
\textsuperscript{622} Bair, Jennifer \textit{Global Capitalism and Commodity Chains: Looking Back, Going Forward}, p.167
\textsuperscript{623} Ibid. p.168
\textsuperscript{624} Humphrey, John, Schmitz, Hubert \textit{Governance in Global Value Chains}, p.1
commodity chain is central to its ‘internal’ structure, they thus acknowledge that institutional mechanism also represent critical components of governance, further underlining that the distinction between ‘internal’ and ‘external’ factors within commodity chains is, of course, not a linear one.625

Looking at the governance structure of the Bengal and South Carolina indigo commodity chains raises important questions about the relationship between the different actors within these chains. Governance hereby explores which actors are most able to assert control over various aspects of the production and transaction processes, and will thus give insights into the value creation and its distribution along the chain.626 The governance structure therefore allows for an analysis of the value of services, considering the interconnected interests of producers, merchants and investors. Looking at Cain and Hopkins’s concept of gentlemanly capitalism, the measurement of value in terms of numerical profits, which is further complicated by an absence of a complete and reliable set of numbers, is however not a priority. What we need to establish is whether it was industry, services, or both, that drove imperial expansion and fuelled the production of indigo in South Carolina and Bengal. Where did Cain and Hopkins’s gentlemen operate within these chains and how much control were they able to assert over production processes? In order to answer these questions, I will look at governance through an analysis of competition and barriers of entry. The influence of institutions, the British Empire and imperial competition, the system of mercantilism and the British military fiscal state, are hereby considered.

It has become apparent in both case studies that indigo was very much subject to global standards. New entrants into the market, whether in South Carolina or Bengal, attempted to imitate what was considered an established popular ‘brand’ in Europe as closely as possible.627 Within both indigo commodity chains, buyers rather than producers therefore played an important role in setting product parameters. They did so because of the (perceived) risk of producer failure.628 The time and space which separated importers in London from

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625 Bair (p.174) also applauds Humphrey and Schmitz’s reference of institutional mechanisms, pointing out that it provides a useful supplement to what sometimes appears to be an exclusive emphasis on the market power of lead firms in GCC and GVC discussions of governance. See Bair, Jennifer Global Capitalism and Commodity Chains: Looking Back, Going Forward, p.174
626 Ibid. p.159
628 Humphrey, John, Schmitz, Hubert Governance in Global Value Chains, p.1
areas of production made it impossible to assess the quality of a product with any certainty until long after orders had been issued. Commodity reputation therefore was of central importance. Imposed regional reputations on imported commodities allowed merchants to predict the quality and thus the expected market price that unseen commodities may command. Indigo in hand, buyers judged its quality by colour, consistency and finish and by defining what was acceptable as a commodity, buyers largely determined how processing must occur, resulting in a relative uniformity of production worldwide. This shows that the expectations of London buyers operating in the service sector exerted a substantial influence over production processes in both indigo commodity chains. Rabach summarised that service activities have the capabilities to interconnect production processes of commodity chains in at least five interrelated ways (1) what is produced, which she refers to as product conception and design, (2) how it is produced, influencing the organisation of production and the choice of technology (3) spatial coordination such as transportation and flow of information (4) other “facilitating services” such as banking and provision of financial capital and (5) distribution. The fact that demand of certain attributes and quality standards of a commodity influences production, does however not suffice in explaining governance structures, but plainly describes market preferences. Clearly governance has something to do with exercising control along the chain and the key parameters which define such control over production processes can be summarised in terms of asserting direct influence over what is produced and how it is produced; additionally, when and how much is to be produced can be subject to control and one might add a fifth parameter, price.

In order to assess the governance structure of the indigo production in South Carolina and Bengal, it is necessary to look at both chains individually in terms of control over these key parameters. Once the EIC had established control over Bengal, it controlled all European enterprise within the region. As has been explained, Bengal had no prior experience with

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630 Ibid. p.346


632 Rabach, Eileen, Kim, Eun Mee *Where is the Chain in the Commodity Chain? The Service Sector Nexus in Gereffi, Gary, Korzeniewicz, Miguel (eds.) *Commodity Chains and Global Capitalism*, p.129

633 While price is usually treated as a variable determined in the market, even in the contemporary market economy, major buyers can hereby be very influential. For instance, they may insist that their suppliers design products and processes in order to meet a particular target price. See Humphrey, John, Schmitz, Hubert *Governance in Global Value Chains*, p.6
indigo and its introduction in the area was a conscious decision by the company, which thereafter nourished cultivation, processing and trade of the crop. In the beginning ‘John Company’ unquestionably decided on what, how, how much, when, and one might even add ‘by whom’, indigo was produced in Bengal and it went to considerable lengths to see through these decision until indigo had become a profitable export commodity of the region. While the EIC did not directly employ planters and exclusively carried out the trade of the commodity, it influenced every step of its production. Yet, the imposition of indigo also faced serious opposition and the power and control of indigo production processes was a times challenged. The EIC had to delicately negotiate between the interests of planters, which produced the desired commodity, while at the same time avoiding local unrest. The inability to fully exert control over land and its cultivators required the cooperation of local actors such as zamindars, which were integrated into the system as rent-collecting classes. This is in line with Cain and Hopkins account, outlining that the EIC identified representatives of indigenous gentry in India who would in turn police the land for the company’s purposes. The EIC therefore exported British notions of property rights to India, looked to agriculture to generate rents and integrated or created local elites which became subordinate to the company’s central authority.

In regard to indigo production, the company specified precisely how particular standards should be attained by requiring and helping to introduce certain production processes. When this is the case, chain literature refers to the buyer as the ‘lead firm’. Although this terminology is mostly used within contemporary commodity chains, it certainly applies to the role of the EIC in the indigo commodity chain. In many ways, the company can be viewed as the prototype for the multinational co-operations which were to develop in the twentieth century: despite its mercantilist monopoly, it also represented a capitalist enterprise that generated as well as recycled wealth and produced and integrated income streams from

634 Ray, Indrajit The indigo dye industry in colonial Bengal: A re-examination, p.207
635 The conflict between planters and cultivators is well documented by two important bodies: the Indigo Commission and the Landlords and Commercial Association which represented the indigo dye manufacturers. The Commission hereby blamed dye makers for large-scale coercion and the Association on the other hand sought to establish that the relationship between planters and cultivators was of mutual benefits. For a detailed account see Ray, Indrajit The indigo dye industry in colonial Bengal: A re-examination, pp.216-219
636 McCreery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.57
637 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.280
638 Humphrey, John, Schmitz, Hubert Governance in Global Value Chains, p.6
different countries. Over time, the company withdrew from financing indigo and privatised the market, but it had created and continued to maintain the legal-political structure within which production and trade operated. Yet, the increasing conflict with the local peasants represented a serious threat to governance capabilities and by the late 1850s this finally led to a breakdown of the indigo commodity chain.

In South Carolina, the governance structure is less evident and it is not possible to identify a ‘lead firm’ as such. South Carolina planters established indigo production themselves and, albeit receiving substantial support from Britain, they remained in control of the production processes, deciding over what, how, when and how much is to be produced. Additionally, planters often gained the upper hand in commercial exchanges and merchants failed to control the South Carolina indigo trade. Indigo production became such a profitable investment, that many established merchants preferred to diversify into planting, choosing to act as commission agents for London merchants in the export trades. The line between planter and merchant became blurred, representing a more or less coherent elite that established itself in Charleston. Different interests only became apparent during shipping season, when the annual contest over the value and quality of commodities was to begin. Price could be manipulated by planters through the circulation of disinformation regarding the estimated size of crops in order to fool import merchants in Britain into dispatching large fleets and therefore driving down freight costs. It is thus impossible to identify a clear governance structure in the South Carolina indigo commodity chain. Yet, all powerful actors involved fall in line with Cain and Hopkins description of gentlemanly capitalists. The alliance between the wealth of the service sector with the power of landed elites was exported to the New World, where it is illustrated through the desire of the gentlemanly diaspora to acquire land as an investment, as well as in order to enhance their claims to gentility and patriarchal authority. While

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639 Cain, P.J., Hopkins, A.G. *British Imperialism. 1688-2000*, p.280
640 McCreery, David *Indigo Commodity Chains in the Spanish and British Empires, 1560-1860* in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) *From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000*, p.71
641 Ray, Indrajit *The indigo dye industry in colonial Bengal: A re-examination*, p.212
642 McCreery, David *Indigo Commodity Chains in the Spanish and British Empires, 1560-1860* in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) *From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000*, p.65
644 Edelson, Max S. *Plantation Enterprise in Colonial South Carolina*, p.175
645 Ibid. p.181
646 Nash, R.C. *The Organization of Trade and Finance in the Atlantic Economy. Britain and South Carolina*
planting created a distinctive new occupation and social category in America, it was also a British enterprise created to extend British culture and society into newly colonized places.\textsuperscript{647}

Cain and Hopkins remind us that the landed aristocracy represented the dominant force in Britain until well into the nineteenth century and they outline that: “The more a career or a source of income allowed for a lifestyle similar to that of the landed class, the higher the prestige it carried and the greater the power it conferred.”\textsuperscript{648} Gentlemen therefore distanced themselves from the mundane world of producing commodities, following the higher calling of directing others and accumulating wealth in ways that were consistent with the gentlemanly lifestyle defined by the aristocracy.\textsuperscript{649} Like British gentlemen, their South Carolina counterparts aimed to take refuge in the distance and civility of Charleston from the crude world of production on their plantations.\textsuperscript{650} Additionally, they sought to live up to a gentlemanly ideal marked by a code of honour.\textsuperscript{651} During shipping season all agents involved struggled to align economic interests with the claims that they each served the common good of the province and the mother country, and thus placed duty before self advancement.\textsuperscript{652}

Services and production can not be easily separated in the South Carolina indigo commodity chain. Powerful agents within the chain however formed a gentlemanly diaspora which forged the link between the colony and England. While there is no clear governance structure, control still rested with what Cain and Hopkins called gentlemanly capitalist, reproducing the alliance of landed power with the wealth of the service sector abroad. The difference in the two commodity chains lies in the fact that in North America they ran into young states that were being built up, whereas in India they were entangled with an ancient Empire that was breaking down.\textsuperscript{653} In Bengal, capital failed to penetrate the countryside and the EIC and agency houses became the vehicle through which gentlemen operated. While agency houses invested in indigo processing factories too, often through the funds of EIC servants, the objective was not to acquire land but solemnly to increase funds and repatriate savings.\textsuperscript{654}

\textsuperscript{1670-1775} in Green, Jack P., Brana-Shute Rosemary, Sparks, Randy J. Money, Trade and Power. The Evolution of Colonial South Carolina’s Plantation Society, p.97
\textsuperscript{647} Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.196
\textsuperscript{648} Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, pp.39-40
\textsuperscript{649} Ibid. p.39
\textsuperscript{650} Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.164
\textsuperscript{651} Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.38
\textsuperscript{652} Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.180
\textsuperscript{653} Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, pp.94-5
\textsuperscript{654} Webster, Tony An Early Global Business in a Colonial Context: The Strategies, Management and Failure of John Palmer and Company of Calcutta, 1780 – 1830, p.100
Likewise, few indigo planters aspired to become fully fledged landlords. Even when they gained access to land, a system of peasant cultivation was generally preferred since it assured the production of indigo at the lowest possible cost. After having established patterns of governance in both chains, however different they may be, the question of why this governance is exercised and what this means for all actors involved remains to be discussed. For instance, it has been explained that the EIC efforts to establish indigo were initially marked by difficulties and even substantial financial losses. Humphrey and Schmitz remind us, that governance by the buyer, as in the setting and/or enforcing of parameters along the chain, can be a costly endeavour often requiring substantial investments. In short, this asks why does governance matter and what are its implication for the actors along the chain?

As has been noted, governance can be exercised in different ways, and likewise, different parts of the same chain can be governed in different ways. A rather straightforward but never the less very important example provides the relationship of planters and cultivators in South Carolina. Planters clearly exerted governance over their slaves and were thus able to create surplus value through the labour input of the indigo commodity chain. In Bengal, where planters relied on the cooperation of local zamindars, the situation was more complex, but in many cases a system of debt served to ensure a certain degree of governance, albeit marked by difficulties. In both cases, the exploitation of labour thus ensured that in the planter/cultivator relationship the distribution of gains was clearly working in favour of planters. Yet, Kaplinsky suggests that the ability to govern large parts of the chain, rather than individual inputs, often rests in intangible competences which are characterized by high barriers of entry and command high returns. In very general terms, this means that economic activity that is subject to low barriers of entry is naturally exposed to higher levels of competition. It thus makes sense to investigate governance in regard to the barriers of entry along the commodity chains. When looking at the uneven distribution of gains in the process of globalisation, Magee and Thompson identify three conceptually distinct but practically

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655 Roy, Tirthankar *Indigo and law in colonial India*, p.62
656 Ray, Indrajit *The indigo dye industry in colonial Bengal: A re-examination*, p.203-4
657 Humphrey, John, Schmitz, Hubert *Governance in Global Value Chains*, p.7
658 Ibid. p.2
659 McCreery, David *Indigo Commodity Chains in the Spanish and British Empires, 1560-1860* in Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) *From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000*, p.60
660 Kaplinsky, Raphael *Globalisation and Unequalisation: What can be learned from Value Chain Analysis?*, p.123
interrelated types of barriers. The first is of cultural, ethic or religious nature and regards an understanding of markets, including the different tastes, values, expectations and beliefs therein. The second type of barrier is informational and outlines that the flow and differing availability of information in different contexts can block, retard or even re-orientate the focus of integration. Optimal economic choices can only be made if adequate, accurate and relevant knowledge of available options exist. Finally, the third type of barrier is political, describing the way in which domestic and commercial policies and regulations place limits on economic activities. When investigating the governance structure in the indigo commodity chains, we thus need to look at if and how the forces interacting through Cain and Hopkins concept of gentlemanly capitalism, represented through the alliance of land and the wealth of the service sector, have had an advantage to overcome as well as reinforce all three of these barriers through the framework of Empire.

An import aspect which is identified through all three types of barriers is the access to, and knowledge of, markets. Buyer specification of a product is most likely to arise when the buyer has a better understanding of the demands of the market, and therefore informs the supplier of what is required. It is important to keep in mind that the period under scrutiny can not be considered a market economy in the modern sense which is often associated with the driving forces of a self-regulating market. During the eighteenth and early nineteenth century, the indigo market was clearly subject to mercantilist regulations in the framework of Empire. Favourable access to markets was hereby created and provided through the machinery of the military fiscal state. Both Bengal and South Carolina indigo was subject to favourable trade policies and therefore overcame as well as reinforced the ‘political’ barrier of integration. It comes as no surprise that the leaders of the American war of independence were not to be found within the ranks of South Carolina planters. In fact, the indigo commodity chain almost came to a halt when South Carolina found itself outside the British Empire and in direct competition with other indigo producing regions such as Guatemala.

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661 Magee, Gary B., Thompson, Andrew S. Empire and Globalisation. Networks of People, Goods and Capital in the British World, c. 1850-1914, pp.6-7
662 Ibid. p.7-8
663 Humphrey, John, Schmitz, Hubert Governance in Global Value Chains, p.3
664 Ibid. p.3
665 Yet, governance in contemporary commodity chains provides a tool to question this logic since, its very aim is to analyse the unequal character of market forces. See Humphrey, John, Schmitz, Hubert Governance in Global Value Chains, p.1
666 Edelson, Max S. Plantation Enterprise in Colonial South Carolina, p.12
667 McCleery, David Indigo Commodity Chains in the Spanish and British Empires, 1560-1860 in Topik, Steven, Marchal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the
In Bengal, the indigo industry’s very foundations built on support from the British government and its surrogate the EIC. The ‘political’ barrier was thus clearly a prominent factor within both chains and was re-enforced through the forces of Empire.

The Empire also helped to greatly reduce cultural barriers throughout the indigo commodity chains. When reliable market institutions were weak or did not exist, economic actors preferred to rely on personal connections and co-ethnic and co-religious networks in order to avoid the risks of dealing with strangers. The indigo market in Bengal was entirely European in its character and local entrepreneurs were few, often marked by a general apprehensiveness stemming from a non-acquaintance of the market; evidence also suggests that they suffered of discrimination by European middleman. South Carolina on the other hand, which represented a settler society that strongly identified itself though shared conceptions of ‘Britishness’ and whose powerful agents were connected with the metropolitan elite in Britain, as well as with other parts of the Empire through an interlinked Atlantic economy, did not need buyer specifications. By the time Eliza Lucas Pinckney started experimenting with indigo in South Carolina she had spent her early years in the West Indies, had been educated in England and had lived briefly in Antigua. Her father, George Lucas, had been captain of a company in 1724, councillor of the island colony of Antigua in 1733 and was appointed lieutenant governor of Antigua in 1742. The Pinckney’s provide an excellent example of gentlemen (and women) abroad, forming a network of British people in what can be described as the notion of a ‘British World’, built on shared cultural, political, personal as well as official foundations.

It is interesting to note, that despite such strong connections enforced through the notion of a ‘British economy’, South Carolina planters suffered continuously from the bad reputation of their indigo. This led to substantial economic losses but also fuelled sentiments that went beyond purely rational calculus: the quality and reputation of the commodities produced in

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*Building of the World Economy, 1500-2000*, p.67
668 Magee, Gary B., Thompson, Andrew S. *Empire and Globalisation. Networks of People, Goods and Capital in the British World, c.1850 – 1914*, p.6
669 Ray, Indrajit *The indigo dye industry in colonial Bengal: A re-examination*, p.212
670 George Lucas Pinckney’s decision to move his family to Carolina in 1738 was probably motivated by various reasons including his wife’s health, his desire to better himself economically as well as threat of war with Spain and thus issues of security. See Pickney, Elise, Zahniser, Marvin, R. (eds.) *The Letterbook of Eliza Lucas Pickney 1739-1762*, p.xvi
672 Edelson, Max S. *Plantation Enterprise in Colonial South Carolina*, p.184
South Carolina represented important components in the construction of a collective provincial identity. South Carolina export commodities served as proof of the colonists’ adaptive expertise which transformed alien and savage environments into fertile land and refined places of civility.  

Hurt in their patriotic pride, colonists suspected that indigo’s reputation, good or bad, reflected the machinations of metropolitan merchants more than any stable use-value for colouring cloth. This indicates that shared cultural, political, personal and/or official foundations were interchangeable rather than fixed. After all, the American Revolution provides a powerful example for the potentially ambivalent relationships within such a ‘British world’. British planters in Bengal on the other hand were directly supported by the EIC which assured that their indigo was produced under the best possible conditions. While the quality of indigo is of course also subject to environmental conditions, the continuous experiments and support from the EIC indicate that the better quality and/or reputation of Bengal indigo can be related to the strong governance structure of the indigo commodity chain in Bengal. A letter from the Court of Directors to the Governor-general in Council in Bengal, dated the 11th April 1785, states that: “Low qualities we desire may be avoided, as there is annually a great supply of Carolina indigo at low prices, which will answer the same purposes […]”. To have direct access to the EIC, which served as an agent of the military fiscal state abroad, therefore clearly had its benefits. Humphrey and Schmitz explain that producers that are connected to the ‘lead firms’ often find themselves on a steep learning curve: while lead firms are very demanding in regard to reducing costs, raising quality and increasing speed, they also transmit best practices and provide hands-on advice (and pressure) on how to improve layout, production flows and raise skills. Highly governed chains are often characterised by this combination of high challenge and high support, which also explains how relatively underdeveloped regions become major export producers in a short period of time.

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674 Edelson, Max S. *Plantation Enterprise in Colonial South Carolina*, p.184

675 Magee, Gary B., Thompson, Andrew S. *Empire and Globalisation. Networks of People, Goods and Capital in the British World, c.1850 – 1914*, p.6

676 No. 1 Extract letter from the Court of Directors to the Governor-general in Council, Bengal, dated the 11th April 1785 in *Reports and Documents connected with the Proceedings of the East-India Company in regard to the Culture and Manufacture of Cotton-Wool, Raw Silk, and Indigo in India. Papers relating to the Culture and Manufacture of Indigo* Reprinted by order of the East-India Company, J. L. Cox and Sons, London 21st Dec 1836, p.4

677 Humphrey, John, Schmitz, Hubert *Governance in Global Value Chains*, p.3
This gives insights into how the ‘informational’ barrier was overcome in the two commodity chains. In South Carolina the barrier was substantially weakened through the networks of British settlers and their connection to Britain. Access to the EIC as a ‘lead firm’ in Bengal however, which resulted in a highly governed indigo commodity chain, further decreased informational barriers. While the Pinckneys were able to send samples of indigo to London for elevation and consulted experienced dye makers to assist in the initial learning of the production of the dye, they had to do so on their own initiatives and through their own connections. At times they struggled, relying on dye makers such as Nicolas Comwell who made “[…] a great mystery of the process”. In Bengal, the British authorities themselves provided technical assistance on the production of indigo, writing letters of instructions and circulating detailed technical reports on the drawbacks of the dye compared to that of other indigo producing regions. This transfer of knowledge and technology introduced new models of organisation, labour discipline and management, imported from successful indigo producing regions such as Haiti. The ‘informational’ barrier does however go beyond the transfer of knowledge in regard to production, but also implies an awareness of market opportunities. The very introduction of indigo in South Carolina and Bengal stemmed from an awareness of the demand for indigo in Britain, fuelled by the expanding British textile industry.

Forces of industrialisation in Britain thus had an indisputable influence over the very existence on both indigo commodity chains. Planters in South Carolina were in need of a second export staple and prided themselves on providing “[…] our mother country with a manufacture for which she has so great a demand […]” The situation was a little more complex in Bengal, where demand as well as the need to remit profits back to Europe, drove the introduction of the crop. Chaudhuri reminds us that the rapid increase of indigo production in Bengal was a direct outcome of the remittance problem. Yet, it is important to note that the manufacturing interest in Britain not only had great demand of the dye, it also

678 Pinckney, Elise, Zahniser, Marvin, R. (eds.) The Letterbook of Eliza Lucas Pickney 1739-1762, pp.xvii-xviii
680 Ibid. p.45
682 Pinckney, Elise, Zahniser, Marvin, R. (eds.) The Letterbook of Eliza Lucas Pickney 1739-1762, p.xii
683 Chaudhuri, K.N. (ed.) The Economic Development of India under the East India Company 1814-1858, p.32
resisted the import of finished products such as printed cotton goods from Bengal.\textsuperscript{684} On the one hand, indigo served the needs of gentlemanly capitalists to generate trading profits and remit them back to England, on the other hand, the power of the British textile lobby clearly advocates a certain degree of influence and agency to the manufacturing interest. This is an interesting example of the intertwined relationships between industry and service and shows that both profited from the two indigo commodity chains, which flourished through the framework of Empire and the resulting political, cultural and informational barriers of integration. What is important in regard to Cain and Hopkins’s analysis of British imperialism however is that it wasn’t industry that actively overcame these barriers but rather the forces of gentlemanly capitalism and the growing importance of the service sector therein, operating through the machinery of the British military fiscal state. In Bengal, the EIC as a vehicle for British gentleman acted as the lead firm in the indigo commodity chain and facilitated political, cultural and informational integration. In South Carolina, the gentlemanly diaspora which actively engaged in the service sector as well as in production, forged a link between Britain and the colony and overcame the said barriers. While both commodity chains’ very existence rested on the textile industry’s demand for the blue dye, it would be misleading to therefore conclude that it was industry which drove and controlled the two chains. In both cases control over the production of indigo, and thus governance of the two commodity chains, rested, albeit in different ways, on the forces of gentlemanly capitalism. This is in line with Cain and Hopkins argument, that the design of the British Empire was not dawn by industrialists and their interests were not paramount.\textsuperscript{685} In promoting their interests, agents of the service sector necessarily came into direct contact with potential clients, customers and producers in distant parts of the world in ways that British manufacturers did not: “not surprisingly, officers in the front line gathered much of the reconnaissance reaching London, passed on judgement about the suitability of foreign countries for the role assigned to them, and made recommendation on how they might be aligned to fit Britain’s international purpose.”\textsuperscript{686}

The City of London therefore represents the key node from which informational, political as well as cultural barriers were managed. It was home to the great institutions that supported the

\textsuperscript{684} Van Schendel, William The Asianization of indigo. Rapid change in a global trade around 1800 in Boomgaard, Peter, Kooiman, Dick, Nordhold, Henk Schulte (eds.) Linking Destinies: Trade, Towns and Kin in Asian History, p.38
\textsuperscript{685} Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.55
\textsuperscript{686} Ibid. p.56
Glorious as well as the Financial Revolution, featuring the Bank of England and the national debt.\textsuperscript{687} As the capital as well as the main port, London combined government finance with its pronounced overseas orientation.\textsuperscript{688} The City’s proximity to Parliament, to the departments of state and to the court, provided opportunities to access information and for influencing policies.\textsuperscript{689} Social integration, albeit a gradual process, was greatly helped by the affinities in life-styles of leading City figures and magnates at their meeting point in London.\textsuperscript{690} The growing integration of land and finance is illustrated well through the increasing employment of younger sons of aristocrats in the colonies throughout the second half of the eighteenth century, including placements arranged by the EIC.\textsuperscript{691} The deep involvement of the EIC in national politics in the eighteenth and early nineteenth century is thereby also shown by the need of the EIC’s Directors to create lucrative posts for the well connected out of the revenues of India.\textsuperscript{692} This resulted in an inflation of the Bengal service, often featuring young men with strong political connections, which grew from about 80 people in the 1750s to 286 in 1783.\textsuperscript{693}

When the Cornwallis reforms of the 1780s banned these company employees from engaging in private commercial activities, agency houses, which provided banking facilities as well as agency services, funnelled their capital, among other things, into indigo production.\textsuperscript{694} This further reinforced the ties between merchants and company servants. Cain and Hopkins remind us that “privileged information, from which large fortunes and high standing flowed, came principally from contact with those who controlled the machinery of state.”\textsuperscript{695} Private merchants, which operated through ‘sister’ firms in London, and company servants mingled in Calcutta, which became the hub of British trade and commerce in India, and provided a ‘local’ outlet facilitating political, informational and cultural integration.\textsuperscript{696} From a commodity chain perspective, Calcutta therefore forms another critical node from which governance was exercised, albeit in continuous reference to London. As outlined in part II. 2. c., Brown et al. explain that commodity chains often run through local cities which are allocated near to production nodes and form critical links to major cities. Such major cities in turn may be distant from sites of production, but represent critical nodes from which

\textsuperscript{687} Ibid. pp.69-70  
\textsuperscript{688} Ibid. p.70  
\textsuperscript{689} Ibid. p.70  
\textsuperscript{690} Ibid. p.73  
\textsuperscript{691} Ibid. p.73  
\textsuperscript{692} Marshall, P. J. \textit{British Society in India under the East India Company}, p.92  
\textsuperscript{693} Marshall, P. J. \textit{East Indian Fortunes: The British in Bengal in the Eighteenth Century}, p.15  
\textsuperscript{694} Webster, Tony \textit{An Early Global Business in a Colonial Context: The Strategies, Management and Failure of John Palmer and Company of Calcutta, 1780 – 1830}, p.100  
\textsuperscript{695} Cain, P.J., Hopkins, A.G. \textit{British Imperialism. 1688-2000}, p.41  
\textsuperscript{696} Sah, Raaj \textit{Features of British Indigo in India}, p.76
dispersed production sites are linked and eventually connected with sites of consumption. The same pattern can be observed within the South Carolina indigo chain where Charleston provided a connection that joined together wealthy merchants and planters. The British communities in Calcutta and Charleston reduced cultural, informational and political barriers, which is powerfully illustrated through their quest to re-create spaces of ‘civility’ and maintain gentlemanly status.

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697 Brown, Ed, Derudder, Ben, Parnreiter, Christof et al. *World City Networks and Global Commodity Chains: towards a world-systems’ integration*, pp.22-24
698 Edelson, Max S. *Plantation Enterprise in Colonial South Carolina*, p.137
699 Ibid. pp.164-5
IV. Conclusion

Both commodity chains could be continued and made longer as indigo made its way through London. This would give more insights into the relationship between the service sector and the manufactured interest in England itself. Industry and services were of course interdependent, and the City and provincial exporters co-operated to their mutual benefits. Both chains do show however, that the manufactured interest in Britain operated on a local level, having limited influence over the commodity chains as they spanned beyond Britain to the Empire. The outline of the two indigo commodity chains in part III a. and b. already indicates that a substantial amount of agency is allocated within the service sector and the results of the analysis of gentlemanly capitalism in part III. c. are therefore not entirely surprising. What is substantial however is that the importance of the service sector is explicitly integrated within the governance structure of commodity chains. If emphasis is solemnly put on the production of a given commodity, reducing its distribution and finance to an auxiliary role, commodity chain analysis produces a distorted image of governance structures. This does not just represent a cosmetic flaw, but could seriously compromise the very aim of commodity chain research. Furthermore, this applies to all ‘types’ of commodity chains, including historical as well as contemporary chains. Whether they represent a holistic approach, that aims to outline the structure of the capitalist world economy, or a means to look at specific opportunities for participants to upgrade within a given chain, a thorough depiction of governance is necessary for an accurate analysis.

This is not to imply that previous research has ignored services as an integral component of the functioning of commodity chains which, by their very nature, provide an analytical tool to analyse trade. I agree with Topik et al. when they explain that: “The great merit of the global commodity chain approach, as we see it, is in expanding the vision of economic historians and students of international relations in general to encompass both the production and consumption ends of commodity chains as well as many intervening steps of processing, transportation, and marketing.”

Cain and Hopkins have outlined however that traditional accounts of economic development are often marked by industry-centric approaches: an under-emphasise of non-industrial forms of capitalism is therefore deeply embedded within economic history and economists ranging from Smith to Kaldor have viewed services as

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700 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.53
701 Topik, Steven, Marichal, Carlos, Frank, Zephyr (eds.) From Silver to Cocaine. Latin American Commodity Chains and the Building of the World Economy, 1500-2000, p.15
inferior to the process of production. Consequently, it is not surprising that chain research also shows a tendency to focus on production. Yet, this study aimed to demonstrate that commodity chains provide a suitable political economy tool for an analysis of gentlemanly capitalism beyond regional restrictions and through a tangible product, incorporating the interrelated spheres of production and that of services into the analysis. Gereffi himself explains that a GCC approach provides a suitable tool “[…] to critically evaluate theoretical concepts that have hitherto prevailed in the comparative study of development”. Chain research therefore has the capabilities of test the gentlemanly capitalism paradigm as well as to overcome industry-centric views of development and firmly integrate services within its analysis. In order to do so however it is necessary to explicitly refer to their importance in terms of governance within commodity chains.

702 Cain, P.J., Hopkins, A.G. British Imperialism. 1688-2000, p.37
703 Gereffi, Gary, Korzeniewicz, Miguel Commodity Chains and Global Capitalism, p.12
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VI. Appendix

VI. a. Deutsche Zusammenfassung:

VI. b. English Abstract:

It is indisputable that the Industrial Revolution is of central importance to the economic history of Britain, thereafter influencing processes of development worldwide. Cain and Hopkins argue however, that an emphasis on industrial growth has produced a somewhat biased history of modern economic development, somewhat neglecting the role of finance and commercial services in the analysis of Britain’s rise to hegemony and the causes of her overseas expansion. Their concept of ‘gentlemanly capitalism’, which represents a synthesis of the landed aristocracy with the wealth of the service sector, proposes a different perspective on power and profitability within the first industrial nation. This study tries to establish a systemic way to test the gentlemanly capitalism paradigm against specific case studies in order to allow for comparative analysis that overcomes temporal and spatial restrictions. It is argued that, if the concept of commodity chains is modified to firmly integrate services, it provides a suitable political economy tool for an analysis of services through the production and distribution of a tangible product. This works twofold: like British economic history, commodity chains have a tendency to focus on production. This study argues that since the commodity chains approach aims to outline governance structures within a given chain, services, which essentially coordinate production processes and represent some of the most profitable activities within commodity chains, should form an integral part of the analysis. There is a growing recognition that services should be integrated within commodity chains, but this discourse is almost exclusively restricted to what is perceived as their growing importance within the last few decades and thus is in line with conventional industry-centric approaches to theories of development. The example of two historic indigo commodity chains from South Carolina and Bengal, demonstrate the importance of services in the British Empire as well as the capabilities of the commodity chain approach to illustrate such.
VI. c. Acknowledgements

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VI. d. CURRICULUM VITÆ

Madeleine Geibel

Personal Information:
Nationality: Austrian
Date of Birth: May 31, 1985
Place of Birth: Korneuburg, Austria
Marital Status: Single

Education:

2008 - 2012 MA Global History and Global Studies
University of Vienna, Vienna, Austria

2010 - 2011 Postgraduate Diploma Programme of the Diplomatic Academy of Vienna
Diplomatic Academy of Vienna, Vienna, Austria

2004 - 2007 BA Media and Cultural Studies
University of Sussex, Brighton, England

1995 – 2003 BG BRG Schwechat
2002 (Jan - Jul) exchange student to Perth, Australia, at Willetton Senior High School; A-Levels in June 2003

Special Studies:

2008 (Jul - Aug) Cambridge English Teaching For Adults Certificate (CELTA)
Intensive School of English, Brighton, England

Work Experience:

2008 (Aug - Sep) Intensive School of English, Brighton, England; English Teacher

2007 (Nov - Feb) iCrossing, London, England; Social Media Analyst, Translator and Internet Optimisation

2007 (Sep - Oct) CEF International Language Institute, Vienna, Austria; English and German Teacher

2007 (Jul - Aug) EF Language Travel, Brighton, England; Local Leader

2004 (Jul - Aug) Siemens Transportations, Vienna, Austria; Project Assistant

Other employment:

Bar work at Na Nog, Vienna; private English tutoring; work as a tour guide at the University of Vienna; work in the museum cloakroom at
the Belvedere, Vienna; work as a pirate at Disneyland Paris

Internships:

2008 (Feb – Apr)  derStandard.at, Vienna, Austria
Politics, Education, Travel, Culture and Integration resorts (writing articles, photography and assisting at interviews)

Interests and Activities:

- **Travelling:** for example Alaska, Australia, Brazil, India, Pakistan and USA
- **Music:** drums and piano
- **Sports:** surfing, snowboarding (within the Sussex University Race Team)
- **Fundraising:** for the SWAT Relief Initiative in Pakistan