



THE OLD SILK ROAD AND THE EMERGENCE OF COMMERCIAL CAPITALISM

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Introduction

President Xi has referred to this endeavour as the "project of the century" and has used the metaphor and image of the old Silk Road as its foundation. A multi-trillion dollar example of "Chinese infrastructuralism," the Belt and Road Initiative aims to connect China, Asia, Europe, and Africa while also fostering a stronger regional integration of Eurasia. The Silk Road actually started when traders and explorers discovered their passage from China to Europe and the Middle East in the second century BCE, with a trade based primarily on silk and silk products but also including precious stones and jewellery. The image of the ancient Silk Road was created in the middle of the nineteenth century (1877), but the Silk Road itself dates back to that time. Although not serving as a permanent conduit between East and West, the Silk Road lasted for more than a millennium. The Silk Road's founding and the security-related partnership struck with the northern nomadic tribes are both documented by scholars of the Han era. It marked the start of a market's development in central and western Asia (La Vaissiere, 2014). A description of some of the Silk Roads' travels may be found in one source.

The trade stations, marketplaces, and thoroughfares along the Silk Road routes were widely dispersed and well-planned to facilitate easy movement of products during travel, exchange, distribution, and storage. Roads ran from the Greco-Roman city of Antioch via the Syrian Desert through Palmyra to the Mesopotamian cities of Ctesiphon and Seleucia on the Tigris River, present-day Iraq. The towns of Ecbatana (Iran) and Merv (Turkmenistan), from which further routes flowed to modern-day Afghanistan and eastward into Mongolia and China, were reached from Seleucia by roads that travelled over the Zagros Mountains in the east. The Tigris and Euphrates rivers were used to move commodities along the Silk Road, as were ports on the Persian Gulf. These towns' routes also led to Mediterranean Sea ports, from which products were transported to settlements all around the Roman Empire and into Europe.

The old Silk Road is more than just a historical artefact that represents Chinese BRI infrastructure in the present. It is a live reality that attests to the very early origins of capitalism as a sort of merchant capitalism or merchantilism that precedes the formation of



capitalism in Europe and hence, of course, the industrial capitalism that rose up with the so-called 'Industrial Revolution'. One of the few western researchers in this field, La Vaissiere (2014), puts it like way:

First century BCE traders from the Indo-Iranian borderlands, Gandhara (modern-day northern Pakistan), and then Bactria (northern Afghanistan), which would soon be united during the first century CE in the Kushan empire, organised expeditions up to China in response to these political embassies [nomadic tribes]. In the fifth century BCE, Bakh traders were already selling valuable stones down the Indus, demonstrating that these traders were used to long-distance trading. The first Chinese envoy to western central Asia, Zhang Qian, reported on Bactria in the second century BCE, saying that "part of the population are merchants who go by carts or boats to neighbouring nations, occasionally undertaking journeys of several thousand li" (Shiji, 123.3162; a li is roughly half a kilometer). In only a few generations, these merchants were able to build trading colonies throughout northern China. In some ways, the development of the Silk Road may be compared to the fusion of Han expansionism with the ancient Middle Eastern commerce. Systems came together (pp. 102–J 03).

This type of trade-based globalisation represents a very early form of merchant capitalism, among the first alongside Middle Eastern cities like Babylon and the Greek city states. This form of merchant capitalism predated western forms and has largely been ignored by western scholars because the sources are scarce, written in ancient languages and texts, and because history has been Eurocentric, focusing on Marco Polo and his friends, who took place much later. Between the years J 271–95, Marco Polo journeyed to China and resided there for 17 years. The Book of Marvels, written in 1298–1299 as a collaboration with a romance author, Rustichello of Pisa, who seems to have taken whole passages from other extant histories, raises significant doubts regarding the accuracy of Polo's story. Although it appears that Polo visited China, his writings for the mediaeval reader contained fictions to keep them reading. This shows how relatively "late" western contact with China was compared to that of other cultures, and how western historiography at the time was a mixed discourse of fact and fiction that was meant to amuse as much as it was to report actual events.

As a Persian-Chinese trade route, the Silk Road represents an accurate alternative model of globalisation (possibly the first) and a significant early form of capitalism based on trade that gave rise to "trade policy," significant capital formation, the establishment of financial norms and institutions, and, perhaps most importantly, the transfer of ideas, knowledge, and technology, not to mention the major invention of paper and paper-based societies, as well as gunpowder.

One of the most revealing features of La Vaissiere's (2014) analysis is what he refers to as "Webs of Knowledge," which encouraged development and new industries in the West through the introduction of silk and paper technologies. Examples of reciprocal exchange include the movement of irrigation and glass-making technologies westward:

Fruits and vegetables, cattle, grain, leather and skins, tools, religious artefacts, artwork, valuable stones and metals, and—possibly more importantly—language, culture, religious beliefs, philosophy, and science were all traded along the so-called Silk Road economic belt.

The full significance of first and regular intercultural contact is hard to grasp but La Vaissiere (2014) expresses it well:

In reality, what has been more important is something larger, the simple awareness of others' existence, as well as a fundamental understanding of the geography of the globe, particularly among the Middle Eastern nations located in the middle of all the interactions. An idea of the four (or more) kings of the world (Chinese, Indian or Iranian, Nomad, and Greek), probably deriving from India, was created as early as late antiquity and permeated the entire Asian continent up to the tenth century. This is known from Umayyad palaces to Chinese Buddhist texts or Sogdian paintings (p. 121).

Very often, informal learning and idea sharing are left out of discussions of quantitative research and contemporary mathematical models of development economics. This point has to be emphasised in this context because, as we conceptualise the BRI, we must also acknowledge the importance of the ideas-knowledge component of development and "infrastructuralism"—building bridges, trains, and ports. The transition from mercantilism, agriculturalism, industrialism, and post-industrial services to more abstract, formal, algebraic, bio-informational, ideas-based capitalism, which now characterises the digital global economy and finance capitalism in particular, would seem to indicate this tendency in the development of capitalism. La Vaissiere (2014) is emphatic that international commerce, not agricultural innovations, was directly responsible for the worldwide boom that central Asia surely enjoyed from the fourth to the eleventh century (p. 116).

The birth of merchant capitalism

It is plainly obvious from German historian Jurgen Kocka's 2016 book *Capitalism: A Brief History* that the word "capitalism" was not widely accepted until the latter half of the nineteenth century in French, German, and English. The idea's origins and contentious evolution may be traced back to antiquity, with one strand indicating that merchant capitalism started long-distance commerce in Mesopotamia and the eastern Mediterranean on the "Silk Road" and the major East-West trading route across the Indian Ocean (p. 26). Independent traders engaged in this cross-border business on their own behalf, "usually through cross-border networks based on similar links of race, country, or religion" (p. 26). The foundations of capitalism were not established in Europe during the so-called "Middle Ages," but rather centuries earlier in China and the Indian Ocean, and only thereafter in western Europe. Kocka (2016) continues by explaining:

Throughout the centuries that followed, the fundamental pattern that developed in China during the Han period persisted. It made it easier for international commerce to develop and for communication to become more vibrant with areas to its west, particularly with India and



the Arab world. The Confucianism practiced by the civil officials who held political power included aspects like the encouragement of agriculture and governmental controls over money, the credit system, and commerce, as well as a rejection of pronounced inequality and, therefore, too much independent riches. These restrictions even included a readiness to run estates, supply hubs, and workshops under governmental supervision (p. 27).

Buddhism, which traders and merchants followed, expanded from India to the rest of Asia and promoted a good attitude toward economic activities and receiving gifts. Buddhist monasteries served as "centers for capital generation, lending, and profitable investments of money in agricultural and commercial enterprises" (p. 27). Chinese merchant capitalism flourished throughout the Sung dynasty (1279–1368), even during the Mongol invasion, as well as the Ming dynasty (1368–1644), but not in the centuries that followed. It no longer had the "extraordinary energy" that the Sung dynasty had given it.

Gregory Blue and Timothy Brook (1999) argue in the spirit of the great Joseph Needham, whose writings on China bucked the trend of European ethnocentrism: "The historical experience of the globe has been as much the history of China as of the West. This tiny truth has only lately, and yet only in a few circles, gained awareness in the West. This acknowledgment has been hindered by the dominance of sociological paradigms based on the history and social sciences of Europe. The assumption that the West represents the normative starting point for developing universal knowledge is one that underlies far too many generalizations in social science, and this is true both in Asia and the West. Almost every category we use, including capitalism, feudalism, state and society, and politics and economics, was constructed largely in light of Western historical experience (p. J).

Blue and Brook, however, were only able to consider the issue of capitalism's origins in Europe in 1999. The challenge stems from both the lack of access to ancient texts in translation as well as an ethnocentric perspective of history that emphasizes the West as an industrial model of capitalism with little interest in investigating early forms of capitalism in other areas of the globe. In *The Cambridge History of Capitalism*, Etienne de la Vaissiere (2014) makes the following claims:

It is difficult to study economic history on a Eurasian scale throughout the long term and with materials recorded in so many different languages and scripts. Among the languages spoken by merchants on the numerous Asian trade routes in antiquity and the medieval centuries were Chinese, Gandhari, Pali, Latin, Arabic, Persian, Armenian, Sogdian, Tamil, Aramaic, Greek, and Italian dialects. So, it seems sense that research on the economic history of the trans-Asian trade have always had a tilt toward Europe.



In volume 1, *The Development of Capitalism*, Larry Neal (2014), editor of the Cambridge History, poses the following question: "What are the key characteristics of contemporary capitalism and how were these characteristics manipulated in previous times?" Despite the fact that the term "early capitalism" didn't exist until after 1848, he points out that there are four key components that all early capitalism shares: (i) private property; (ii) contracts that are enforceable by third parties; (iii) markets with competitive prices; and (iv) supportive governments (p. 2). Each of these components must deal with capital as a factor of production in a productive way. Armed with this definition, he assumes that the current state of the global economy has been developing for a considerable amount of time. As a result, we search for the earliest signs of the 'rise of capitalism' as far back as archaeologists have been able to find concrete proof of some human activity that was consistent, if not entirely congruent, with the practices of modern capitalism. Long-distance organized market activity has left behind archaeological relics as well as the occasional historical record. As a result, it had large time horizons and long-lasting structures (p. 6)

In keeping with this, it appears that the archeological evidence supports the idea that there were thriving markets in Babylon, Egypt, and Phoenicia, as well as the beginnings of a thriving market and trading system in the Greek city-states based on financial, legal, and contractual enforcement principles. He continues by arguing in favor of studying the old Silk Way in the wake of Etienne de la Vaissière's research. The famous Silk Road was traveled by profit-seeking merchants for millennia, proving that even communities isolated to the interior of the Eurasian land mass could participate in long-distance commerce and produce autonomous technological advancements. Even before Marco Polo made Europeans aware of the Silk Road's existence and Kublai Khan's tremendous riches in the thirteenth century, the Sogdian merchants were the most well-known. Astonishing evidence of the prosperity centered on the trading hubs of Samarkand and Bukhara, which over time not only linked the various Chinese states with the Black Sea and the eastern Mediterranean but also expanded trade routes south into India and north as far as the Baltic, has been uncovered by modern archaeologists. Yet, all of this trading took place under the control of rival warlords, on whose favor the success of the many traders hinged, which was not an ideal environment for the development of capitalism (p. 9).

The chapter by Etienne de la Vaissière, "Trans-Asian commerce, or the Silk Road deconstructed (antiquity, middle ages)," offers an insightful look at the trans-Asian trade from a central Asian viewpoint. Central Asia was one of the two major commercial routes during this time, along with the Indian Ocean. (p. 101). As he puts it: "The so-called Silk Road was poorly traversed throughout centuries and was not a constant east–west route, as is too commonly claimed. It is a rather new picture (1877) rather than a real scientific notion." Vaissière describes how the silk economy was first established between Han China and the nomadic tribes of central Asia, creating a market for silk rolls, and how expeditions and political embassies "from the Indo-Iranian borderlands, from Gandhara (today's northern

Pakistan), and then Bactria (northern Afghanistan)" helped to further this development (p. 102).

These traders were used to transacting across great distances since by the fifth century BCE, Balkh traders were already trading valuables down the Indus. The first Chinese envoy to western central Asia, Zhang Qian, reported on Bactria in the second century BCE, saying that "part of the population are merchants who go by carts or boats to neighboring nations, occasionally undertaking journeys of several thousand li." A li is about equal to half a kilometer (Shiji, 123.3162). In only a few generations, these merchants were able to build trading colonies throughout northern China. In some ways, the development of the Silk Road may be compared to the fusion of Han expansionism with the ancient Middle Eastern commerce. The systems came together. (pp. 102—103).

The Red Sea and the Indian coast were directly connected by long-distance marine commerce. With the sale of silk by Kushan merchants and Arabian fragrances, Berenike's prominence as a key port city of Roman Egypt reached its apogee in the first century. With the problems of the empire, trade fluctuated and eventually stopped. The fifth century saw the rebirth and revitalization of commerce after a two-century downturn. The Silk Road was at its busiest from the fifth to the early eighth centuries: "Besides silk, the Sogdians traded musk, slaves, rare metals and stones, precious stones, furs, silverware, amber, relics, paper, spices, brass, curcuma, salammoniac, medicinal herbs, candy sugar, and fragrances, etc" (p. 104).

The Xuanquan manuscripts

According to Jidong Yang (2015), the discovery of Han Dynasty writings at the Xuanquan... site close to Dunhuang has given academics a priceless opportunity to examine the historic Silk Road from a fresh angle. The remnants of a Han Dynasty mail and relay station may be found at this location, which is currently abandoned and desolate. Early in the 1990s, extensive excavations at Xuanquan were conducted. Han government records inscribed on around 23,000 hardwood strips and several hundred pieces of silk and paper, dated from 111 BCE to 107 C.E., are the most priceless items discovered (p. 421). Yang (2015) presents an overview of the historical documents produced by Han historians between 206 BCE and 220CE:

The first three of China's twenty-four histories—Shiji Jfeis (Records of the Grand Scribe), Hanshu 'HHf (Book of Han), and Hou Hanshu U—provide most of the information we now know about the early Silk Road (Book of Later Han). It is generally known that all of these court historians' writings, which date from the Han (206 BCE–220 C.E.) through the Southern Dynasties (317–589), concentrate on politics in the capital and provide little insight into provincial life. According to these accounts, the early Silk Road's history consisted of a string of incidents that were brought to the Han emperor's and his closest ministers' notice. They give little hints regarding the early Silk Road's everyday life and cannot provide



solutions to issues like the amount of traffic along the historic trade route, lodging for envoys and merchants, and the sorts of foreign goods that the Chinese were amenable to (p. 421).

Along with the Xuanquan Manuscripts, these are the best and, in some cases, the only sources still in existence that accurately depict the Ancient Silk Road and shed light on daily life, traffic, and the function of the Xuanquan station, which served as a relay or postal station for the Han state apparatus. In addition to being employed to link the territorial state together during times of conflict, it was a component of the relay and circulation of written papers used in everyday administration. The station had three horse stables and was around a 50-meter square with high walls.

A "living" witness to and the foundation for historical and theoretical work, Yang's (2015) preliminary examination of the importance of Xuanquan Station in the early Silk Road via the Xuanquan manuscripts will have to wait for the complete corpus to be unearthed and published, which may take many years. The ancient route between China and Central Asia was anchored by the postal system the Han Dynasty constructed in the Gansu Corridor, and the support and control of the traffic, communication, commerce, and diplomatic visits along the route were essentially a state enterprise (p. 431). According to Yang (2015), the Han postal system was designed to establish communication with the outside world and swiftly developed into "an important instrument for government" in Central Asia, which made it possible to attract traders and merchants from the area. Also, it served as a foundation for missions including commercial and military envoys to distant locations. The assistance provided by the relay system of stations for dealers and passengers was very crucial. According to Yang (2015), the Silk Road would be dependent on the centralized Chinese state for roughly a millennium. Certain ethnic groups, like the Sogdians, began to set up their own networks of communication as more foreigners immigrated to China. Yet, the government-run Chinese postal service remained unmatched insofar as it offered a comprehensive array of services to visitors from other countries (p. 432).

Implications for understanding the belt and road initiative (BRI)

The old Silk Road is more than just a useful and beautiful metaphor; it represents the Han Dynasty's significant previous achievements and piques interest in early commerce and travel. In more profound terms, it serves as a source of historical continuity and the first encounter with groups of people and cultures who now share a common genetic heritage and a long history of organized interchange. Since that European reports are based on Marco Polo's story, which was written hundreds of years later, it is difficult for us to comprehend this historical truth. The historic Silk Road serves as an example of persistent intercultural engagement over a lengthy period of time. The old Silk Road offers a strategy for and a model for long-distance commerce, but, in addition to that. Put Simply put, it served as the



foundation for the development of merchant capitalism even before the word "capitalism" was first used in Europe in the middle of the nineteenth century.

As a result, we could contend that the ancient Silk Road serves as an example of how China and the traders of the Old Middle East jointly constructed and created a form of capitalism that served as a tool of a financial culture with new standards for trade, "trade policy," monetary exchange, and, of course, very early stages of capital accumulation and formation. This is a potent illustration of one of merchant capitalism's oldest and most successful historical models, as well as a practical illustration of a three-layer trading theory based on the movement and exchange of products, services, information, technology, and people:

- The exchange of commodities, such as paper and paper products, valuable stones, clothes, jewelry, gunpowder, animals and animal skins, and all other items needed for long-distance travel, such as food, guides, and so on;
- The networks of relationships between people who travelled the ancient Silk Road, including family members, professionals, the military, administrators, scribes, and scholars, "foreigners" who established various kinds of networks, including post offices, military outposts, tribal affiliations, and, of course, what we call "technology transfer" of the processes of making paper, silk, and glass.

The three levels represent historical echoes or imprints of the BRI's current infrastructure, which is based on the movement of people, goods, services, and ideas. The last level is comprised of "conversational goods," such as words, speech, documents, exchange, and abstract ideas, from which people learn through informal and formal contact. The last component embodies the transparency and connectedness that define "education" and informal learning in the fullest sense. In the future, the foundation of the "education economy" will be the new digital Silk Road's infrastructure, which will facilitate and encourage the exchange of ideas at the speed of light through cutting-edge 5G and 6G technologies and a level of interconnectivity that is still difficult to imagine.

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