

# Book Review

- Andrew B. Liu, *Tea War: A History of Capitalism in India and China*. New Haven: Yale University Press, 2020. Pp. xi + 344. Notes, Bibliography, and Index. \$50.00 (cloth).

How did the growth of the Indian and Chinese tea trade reflect changes in the global economy in the nineteenth century? How did the trade incorporate a variety of labor systems? How did interactions between domestic tea merchants and British imperialism impact Indian and Chinese nationalist theories? Finally, should the growth of this robust business cause us to question our understanding of capitalism as a global economic system? These are the big questions Andrew Liu tackles in *Tea War: A History of Capitalism in India and China*. Because it goes beyond a microhistory of a specific industry to raise larger questions about global processes, it will be of great interest to instructors of world history at a variety of levels. It may be too difficult for high school and undergraduate students as it is rather theoretical. However, there are several parts that instructors can fruitfully excerpt.

Liu offers a strong critique of Orientalist conceptions of economic stasis. He demonstrates with great specificity how tea merchants and producers changed labor processes in both India and China in order to increase output and respond to competitive pressures to produce cheaper products from the eighteenth century onward. In one section he shows how even a traditional Chinese instrument for measuring time—the burning incense stick—could be used to determine the amount of time necessary to complete specific tasks, to measure costs, and to pressure laborers to intensify production. “. . . [T]he most traditional and purportedly primitive could be, and were, deployed as tools of industrial labor management” (70).

Liu’s discussion of the evolution of labor processes in India centers upon the Assam region and the Assam Tea Company. He demonstrates how the company struggled to attract wage laborers in the early nineteenth century because wages were low and many peasants had alternative means to support themselves. “The Assam Company’s problem was not the physical absence of labor but rather the *absence of social conditions* that would compel locals to sign up for low-paying jobs. This latter question—namely, the historically specific conditions of a developed market for free labor presupposed in theories of political economy—would continue to rear its head in Assam throughout the rest of the century” (99, emphasis original).

However, this situation changed significantly after the Indian Mutiny of 1857. After the British state took direct control over India it began to look more favorably on the use of coerced and indentured labor. The mid-century uprisings in India, Ireland, Jamaica, and New Zealand led British officials to abandon their ideas of human equality and social improvement and led them to adopt evolutionary theories of cultural difference, which served as justifications for the use of unfree labor. “Without recourse to a true industrial revolution planters relied upon extreme practices that shared features with the type of labor-intensive accumulation observed in the China trade” (131). The use of coerced labor gave tea merchants and land owners greater control over the labor process and enabled them to maintain profitability even in times of declining prices.

*Tea War's* exploration of Indian and Chinese conceptions of political economy and the capitalist assumptions underlying both Chinese and Indian nationalism is somewhat more abstract but may be the strongest part of Liu's work. Liu situates his work within a Marxist framework and utilizes a materialist conception of ideology to explain the development of Chinese and Indian economic theories in the nineteenth century. He argues that earlier Qing-era philosophers developed agro-centric economic theories, comparable to those of the French physiocrats despite not having read the works of the “French school” (163). Rather, the centrality of agriculture in the Qing economy focused philosophers' attention on rural production. Thus, similar economic conditions in both France and China led to similar intellectual developments.

After the Opium Wars and the Treaty of Nanjing many Chinese philosophers shifted their attention from the countryside to the protection of trade, developing economic concepts similar to those of earlier English mercantilists. However, in the later nineteenth century intense global competition in the tea trade refocused attention on the process of production. Utilizing Marx's conception of capitalist competition and Anwar Shaikh's critique of neoclassical equilibrium theory, Liu shows how the pressures of real competition drove tea producers to attempt to cut labor costs. At the same time, both Indian and Chinese theorists came to appreciate that human labor, not the natural qualities of products, was the source of commodities' value. Thus, they developed economic theories that had much in common with those of the European classical school, Adam Smith, David Ricardo, and Karl Marx.

Early twentieth century Chinese and Indian nationalists borrowed the labor-value principle from classical economists but utilized it to center a conception of labor and production as natural, and commerce as foreign and unnatural.

“The production of commodities and the principles governing them began to appear as a timeless and natural part of human activity. This inversion of history can be seen as a form of reification intrinsic to the practices of capitalist production. In the actual history of the tea trade, it was the merchants—the foreign firms, tea warehouses, and inland guest merchants—who were originally responsible for the expansion of trade and production.

However, this *history* ran counter to the *logic* of capitalist production. Within the latter, the process of wealth creation begins from the farmers, workshops, and other producers whose activities constitute the substance of value. Commodity production appears to have emerged prior to commerce: a timeless feature of human civilization that obeys ‘eternal natural laws independent of history.’ The pressures of capitalist competition with its unremitting emphasis on production naturalized this anachronistic view” (260).

Liu notes that a similar naturalization of production is at the heart of European and U.S. variants of anti-Semitism, in which Jews are portrayed as mercantile and, therefore, external (and parasitic) to the productive sector which stands as the natural core of national development. Although it is worth substantial discussion, the connection is peripheral to Liu’s argument and so he does not develop it. However, he does show how this political-economic theory led early twentieth century Chinese and Indian nationalists to adopt Orientalist misunderstandings of south and east Asian economic history. In particular, he shows how they adopted a mistaken view that constraints upon the productive classes (laborers, farmers, and capitalists) must have led to economic stasis prior to 1900. The naturalization of production over commerce was also at the core of Maoist economic theory, particularly the “New Democracy” formula Chinese Communists developed in the 1930s, which rested upon an alliance between Chinese workers, peasants, and national capitalists to unleash a democratic phase of national capitalism as a precursor to socialist transition.

At its core *Tea War* is an attempt to locate the tea trade within capitalism’s origin story and to draw from that history a non-Eurocentric theory of capitalist development. Unfortunately, however, Liu leaves too many questions unanswered, or answered only ambiguously, to accomplish this. Early on, Liu acknowledges that any theory of the origins of capitalism requires both a clear definition of capitalism and an indication of what historical developments indicate an economy is developing capitalism. However, Liu does not offer a definition of his own or clearly explicate what developmental markers would signify the growth, let alone the prevalence, of a capitalist system of production.

Liu’s point that scholars should not simply assume that English history offers a normative model for the story of capitalism is valid. “In that technicist view,” he argues, “capitalism was equated with a high level of technological sophistication and a specific set of class relations founded upon free labor and first located within England. By contrast, the stories [of the tea trade] have demonstrated how both purportedly independent households and unfree indentured workers in India, regardless of levels of mechanization, produced economic value as part of a circuit of capital accumulation spanning the globe” (189). Does producing value as part of a circuit of capital accumulation imply that an industry, or a society as a whole, has transitioned to capitalism? Liu does not theorize this nor develop an answer. While he understandably avoids a comparison with English economic history, he might have considered a comparison of economic development in Qing and Republican China with economic development in Meiji Japan. Japanese industrialists in the late

nineteenth century also relied upon the intensification of the labor process to increase both profits and production. As a result, Japan emerged as a major industrial capitalist power on the world stage by the turn of the century. China, by contrast, did not experience comparably robust industrial growth or capitalist development until the final decades of the twentieth century, under the tutelage, ironically, of the Chinese Communist Party.

It is surprising that although Liu makes abundant use of Marx's *Capital*, he does not address modern Marxist debates about the origins of capitalism. In particular, he does not respond to the arguments made by Robert Brenner, whose theories have sparked substantial debate among economic historians. Brenner co-authored a comparative study of English and Chinese economic development with Christopher Isset, "England's Divergence from China's Yangzi Delta: Property Relations, Microeconomics, and Patterns of Development." (*The Journal of Asian Studies*, 61, no. 2. May 2002: 609–662) in which they argued China's particular system of rural property relations offered peasant producers ample opportunities to acquire their means of reproduction outside the marketplace, thus inhibiting the transition toward capitalist agriculture. Yangzi area landlords were unable to compel peasants to mechanize or intensify production, or produce the bulk of their product for the market rather than personal consumption. Thus, according to Brenner and Isset, particular features of Chinese social relations and property structures inhibited the development of capitalism in the 19th century. Disappointingly, he does not engage this debate. Nor does he develop a clear alternative theory of his own.

Nonetheless, *Tea War* has much to offer. Liu's discussion of the evolution of labor processes in Indian and Chinese tea production will be of great use to instructors, as will his discussion of the changing relationships between British and indigenous merchants in the nineteenth and early twentieth centuries. It should help undergraduate instructors of world history survey courses as well as high school teachers of Advanced Placement World History develop more complex lessons on comparative economic development in the nineteenth century. Furthermore, instructors will be able to mine Liu's work for passages that can help students analyze secondary sources and better understand debates among historians. His work's greatest strength is its rooting of the development of Chinese philosophical and nationalist economic theories in the changes in south and east Asian economies over the time period.

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