

MEANING OF COMMERCIAL CAPITALISM

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INTERNATIONAL ENCYCLOPAEDIA- CAPITALISM

- ▶ The International Encyclopaedia of Social Sciences refers to capitalism as the economic and political system that in its industrial or full **form first developed in England in the late 18th century**.
- ▶ Thereafter, it spread over Europe, North America, Australia, New Zealand and South Africa.
- ▶ Together with its colonial manifestations, it came to dominate the world in the 19th century.

DICTIONARY OF SOCIAL SCIENCES– CAPITALISM

- ▶ Dictionary of Social Sciences explained capitalism as denoting an economic system in which the greater proportion of economic life, particularly ownership of and investment in production goods, is carried on under private (i.e. non-governmental) auspices through the process of economic competition with an avowed incentive of profit.
- ▶ It has been pointed out that the wealth amassed by capitalism differs in quality as well as quantity from that accumulated in pre-capitalist societies.

MAIN FEATURES

- ▶ It has been pointed out that rise of capitalism is associated with three main features:
 - ▶ (1) the growth of the capitalist spirit i.e. the desire for profits,
 - ▶ (2) the accumulation of capital, and
 - ▶ (3) the development of capitalist techniques.
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MARXIST HISTORIANS

- ▶ Marxist historians have identified a series of stages in the evolution of capitalism—
- ▶ for example, **merchant or commercial capitalism, agrarian capitalism, industrial capitalism and state capitalism**— and much of the debate on origin and progress has hinged on differing views of the significance, timing and characteristics of each stage.

MERCANTILE OR COMMERCIAL CAPITALISM

- ▶ The **first stage**, i.e. mercantile or commercial capitalism provided the initial thrust and impetus for capitalism in the sense that merchants started becoming entrepreneurs to cater to market demands by employing wage labourers as well as by exploiting the existing craft guilds.
- ▶ Commercial Capitalism metamorphosed into industrial capitalism, which again, according to Marxist economists, gave way to **socialism**.
- ▶ Because industrial capitalism was inseparably connected with problems of the working class, this invariably gave rise to different currents of **socialist thoughts**.

AGRARIAN CAPITALISM

- ▶ Side by side with commercial capitalism sprang what is called **agrarian capitalism** (**capital accumulated out of agricultural surplus**) that characterized Europe of the 16th, 17th and 18th centuries.
- ▶ Commercial Capitalism and agrarian capitalism were, therefore, two forms of capitalism that overlapped with each other, the difference between them being that one emerged out of **commercial surplus** while the other out of **agricultural surplus**.
- ▶ Agrarian capitalism sometimes **metamorphosed fully into commercial capitalism** i.e. invested the entire surplus accumulated from agriculture into commerce and sometimes transformed directly into industrial capitalism by investing in industrial development alone.
- ▶ Sometimes capital was accumulated from both these sources, i.e. commerce and agriculture, and paved the path for the rise of **industrial capitalism**.

INDUSTRIAL CAPITALISM.

- ▶ Sometimes capital was accumulated from both these sources, i.e. commerce and agriculture, and paved the path for the rise of industrial capitalism.
- ▶ Agrarian capitalism was emphasized by Immanuel Wallerstein who adopted a world-economy perspective, and considered *its origin to be rooted in the agrarian capitalism.*
- ▶ Only transcending the national horizon, by establishing a world trade and commercial network, could fulfil the requirements of capitalism
- ▶ According to Wallerstein ,In this world economy, there existed certain zones— like the **periphery, the semi-periphery and the core**— where international and local commerce were concentrated in the hands of a powerful bourgeoisie.

- ▶ The strong states imposed unequal exchange upon the weak states. Therefore, the strong states **Commercial Capitalism** or the core dominated the entire world economy in agrarian capitalism as well as industrial capitalism later.
- ▶ **Tribe** also emphasized **agrarian capitalism** which was the essence of a national economy where production is separated from consumption, and is made a source of profit after being utilized in profit-making enterprises.
- ▶ Agricultural revolution, therefore, played a very significant role in the growth of capitalism by feeding a growing population and by creating a surplus to meet the demand for industrial raw materials.

STATE CAPITALISM

- ▶ Reference is sometimes made to a fourth form—state capitalism—defined by **Lenin** *as a system under which state takes over and exploits means of production in the interest of the class which controls the state*; but the phrase, ‘state capitalism’, is also *used to describe any system of state collectivization, without reference to its use for the benefit of any particular class.*

WELFARE CAPITALISM OR PROTECTED CAPITALISM

- ▶ Still there is a fifth form in which there is an *increased element of state intervention either in terms of welfare programmes or lessening the impact of business cycle*. This is welfare capitalism or protected capitalism.

- ▶ In all these stages of capitalism, identified by the Marxist historians, therefore, the first stage was merchant capitalism or commercial capitalism.
- ▶ Precisely, *capital accumulation out of the profits of merchants to be invested in various economic activities, was what is called commercial capitalism.*
- ▶ It took different forms in different stages.

CONCLUSION

- ▶ It can therefore be said that a limited form of ‘early’ or commercial capitalism, already known in the ancient world, had developed in Italy as early as the thirteenth century and later in the Low Countries.
- ▶ This commercial form developed in England in the 16th century and began to change into industrial capitalism while elements of feudalism and the guild system still existed.
- ▶ In short, therefore, the early stage of capitalism, primarily founded upon commerce is called commercial capitalism, which in course of time metamorphosed into industrial capitalism.
- ▶ Capitalism, therefore, did exist in ancient world in the form of commerce as well as guild system and merchant dominated putting-out system in the medieval world