

EDITORIAL



## The ancient Silk Road and the birth of merchant capitalism



<https://www.history.com/topics/ancient-middle-east/silk-road>

### Introduction

The ancient Silk Road is an image and metaphor that has been revived as the basis for what President Xi has called ‘the project of the century’. The Belt and Road Initiative (BRI) is a multi-trillion dollar example of ‘Chinese infrastructuralism’ and new mode of globalization and development designed to build a closer regional integration of Eurasia and to link China, Asia, Europe and Africa. While the image of the ancient Silk Road is a recent product coming into being in the mid nineteenth century (1877) the Silk Road itself began when trader and explorers found their passage from China to Europe and the Middle East in the second century BCE, mostly as a trade based on silk and silk products but also including precious stones and jewelry. The Silk Road was not a permanent link between the East and West and yet it existed for over 1000 years. Scholars of the Han dynasty have recorded the beginning of the Silk Road and the alliance negotiated with the northern nomadic tribes for reasons of security. It was the beginning of the establishment of a market in central and western Asia (La Vaissiere, 2014). One source provides a description of some of the routes comprising the Silk Roads (in the plural):

The Silk Road routes included a large network of strategically located trading posts, markets and thoroughfares designed to streamline the transport, exchange, distribution and storage of goods. Routes extended from the Greco-Roman metropolis of Antioch across the Syrian Desert via Palmyra to Ctesiphon (the Parthian capital) and Seleucia on the Tigris River, a Mesopotamian city in modern-day Iraq. From Seleucia, routes passed eastward over the Zagros Mountains to the cities of Ecbatana (Iran) and Merv (Turkmenistan), from which additional routes traversed to modern-day Afghanistan and eastward into Mongolia and China. Silk Road routes also led to ports on the Persian Gulf, where goods were then transported up the Tigris and Euphrates rivers. Routes from these cities also connected to ports along the Mediterranean Sea, from which goods were shipped to cities throughout the Roman Empire and into Europe. <https://www.history.com/topics/ancient-middle-east/silk-road>

The ancient Silk Road is more than an historical relic that serves as a modern metaphor for Chinese infrastructuralism of the BRI. It is a living reality that attests to the very early beginnings

of capitalism as a form of merchant capitalism or mercantilism that predated the development of capitalism in Europe and therefore, of course, the industrial capitalism that grew up with the so-called 'Industrial Revolution'. As La Vaissiere (2014), one of the few western scholars working in this area, expresses the point:

The first merchants who reacted to these political embassies [nomadic tribes] by organizing expeditions up to China were in the first century bce from the Indo-Iranian borderlands, from Gandhara (nowadays northern Pakistan) and then Bactria (northern Afghanistan), soon to be united during the first century CE in the Kushan empire. These merchants were accustomed to long-distance trade – in the fifth century BCE traders of Balkh were already selling precious stones (lapis, carnelian?) along the Indus. The second-century BCE report of Zhang Qian, the first Chinese envoy to western central Asia wrote on Bactria that 'some of the inhabitants are merchants who travel by carts or boats to neighbouring countries, sometimes journeying several thousand li' (Shiji, 123.3162; a li is roughly half a kilometer). These traders in a few generations managed to establish trading colonies in northern China. In a way, the creation of the Silk Road can be regarded as the combination of the old Middle Eastern trade with the Han expansionist policy. The systems coalesced (pp. 102–103).

This form of trade-based globalization represents a very early form of merchant capitalism, among the first along with Middle Eastern cities like Babylon and the Greek-city states, that predated western forms and has largely been ignored by western scholars because the sources are scarce and in ancient languages and text, and because history has been Eurocentric focusing on Marco Polo and his friends, that occurred much later. Marco Polo traveled to China and stayed there for 17 years during the period 1271–95. There is some skepticism about the veracity of Polo's account given in *The Book of Marvels*, written in 1298–1299 as a collaboration with a Romance writer, Rustichello of Pisa, who it seems lifted whole sections from other existing histories. While it seems that Polo did go to China, his *Marvels* contained fictions to interest the medieval reader and indicates how relatively 'late' western contact with China was compared to other cultures, and how western historiography of the time was a blended discourse of fact and fiction that was meant to entertain as much as report real events.

The Silk Road as a Persian-China global route thus constitutes an accurate alternative model of globalization (perhaps the first) and significantly early form of capitalism based on trade that led to 'trade policy', significant capital formation, the introduction of financial norms and institutions, and, perhaps, most significantly, the spread of ideas, knowledge and technology transfer, not least the major innovation of paper and paper-based societies, and gunpowder.

One of the most telling aspects of La Vaissiere's (2014) analysis is what he calls 'Webs of Knowledge' which stimulated growth and new industries in the West through the introduction of silk and paper technologies and there are examples of reciprocal exchange such as the westward movement of technologies of glass-making and irrigation techniques:

Trade along the so-called Silk Road economic belt included fruits and vegetables, livestock, grain, leather and hides, tools, religious objects, artwork, precious stones and metals and—perhaps more importantly—language, culture, religious beliefs, philosophy and science. <https://www.history.com/topics/ancient-middle-east/silk-road>

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

In fact what have mattered more is something broader, the sheer knowledge of the existence of others, a basic geography of the world that diplomacy and trade created, especially among the Middle Eastern countries situated in between all the contacts. As early as late antiquity, an image of the world was created, with the idea of the four (or more) kings of the world (Chinese, Indian or Iranian, Nomad, Greek), probably originating from India, and pervading the whole Asian continent up to the tenth century: this is known from Umayyad palaces to Chinese Buddhist texts or Sogdian paintings ... (p. 121).

So often in quantitative studies and modern mathematical modeling economics of development the nebulous notion of the 'webs of knowledge', exchange of ideas and informal learning

is omitted from discussion. This element is important to stress in this context because when theorize BRI we must at the same time realize that the ideas-knowledge component of development and 'infrastructuralism' – education and learning – is as important as building bridges, railways and ports. I would make the argument that in the development of capitalism this is a tendency in the shift from mercantilism, agriculturalism, industrialism and postindustrial services, there is a progression to more abstract, formal, algebraic, bio-informational, ideas-based capitalism that now characterizes the digital global economy and finance capitalism, in particular. La Vaissiere (2014) is adamant: 'the global growth that central Asia undoubtedly experienced from the fourth to the tenth centuries is directly linked to international trade rather than agricultural new developments (p. 116).

## The birth of merchant capitalism

The German historian Jürgen Kocka (2016) in his *Capitalism: A Short History* makes it abundantly clear that the term *capitalism* only gained acceptance relatively late during the nineteenth century in French, German and English. The genesis and controversial development of the concept dates from antiquity and one strand – merchant capitalism – began the form of long-distance trade 'In Mesopotamia and the eastern Mediterranean, on the "Silk Road" and the great East-West trade route through the Indian Ocean' (p. 26). This long-distance trade was carried out by independent merchants who traded on their own accounts 'typically in cross-border networks based on common ties of ethnicity, homeland, or religion' (p. 26). The rudiments of capitalism did not begin in Europe during the 'Middle Ages' but rather developed centuries earlier in China, the Indian Ocean and only later in western Europe. Kocka (2016) goes on to explain:

The basic pattern that emerged in China during the Han dynasty continued in the centuries to follow. It facilitated the expansion of international trade relations and an ever-livelier exchange with regions to its west, that is, with India and the Arab world in particular. The Confucianism practiced by the civil servants who exercised political power included such elements as a rejection of pronounced inequality, and hence of too much independent wealth, the promotion of agriculture, and state controls over money, the credit system, and trade. These controls extended as far as a willingness to operate estates, supply depots, and workshops under state management (p. 27).

Buddhism which was practiced by traders and merchants spread from India to the rest of Asia and encouraged a positive attitude to commercial activity, accepting donations. Buddhist cloisters operated as 'operated as centers of capital formation, lending, and of profitmaking investment of capital in agricultural and commercial companies' (p. 27). Chinese merchant capitalism prospered during the Sung dynasty and even under the invading Mongols (1279–1368) and also during the Ming dynasty (1368–1644) but not in the centuries following. It lost the 'extraordinary dynamism that it had achieved under the Sung dynasty'.

Writing in the spirit of the great Joseph Needham, whose works on China broke the pattern of European ethnocentrism, Gregory Blue and Timothy Brook (1999) write:

The historical experience of the world has been as much the history of China as of the West. This modest fact has found recognition in the West only recently, and still only in certain circles. The dominance of models of society derived from the European experience in history and the social sciences has served to block this recognition. Too often the generalizations of social science – and this is as true in Asia as in the West – rest on the belief that the West occupies the normative starting position for constructing general knowledge. Almost all our categories – politics and economy, state and society, feudalism and capitalism – have been conceptualized primarily on the basis of Western historical experience (p. 1).

Yet even in 1999 Blue and Brook could still only contemplate the question of capitalism beginning in Europe. The difficulty comes not only from an ethnocentric view of history that privileges the West as an industrial model of capitalism with little interest in exploring early forms of capitalism in other parts of the world but also access to ancient sources in translation. As Etienne de la Vaissiere (2014) argues in the *Cambridge History of Capitalism*:

Economic history at a Eurasian scale is a challenge, especially in the long run and with sources written in a whole array of languages and scripts – Chinese, Gandhari, Pali, Latin, Arabic, Persian, Armenian, Sogdian, Tamil, Aramaic, Greek, and Italian dialects are only some of the languages used by traders on the various Asian roads in antiquity and the middle ages. It is therefore quite natural that studies on the economic history of the trans-Asian trade have suffered from a Europe-centered bias from the outset.

Larry Neal (2014), editor of the *Cambridge History*, writing in volume 1, *The Rise of Capitalism*, asks: ‘What are the salient features of modern capitalism and how were these features manifested in earlier times?’ and he indicates that while scholars mention varieties of early capitalism, a word that only came into being after 1848, there are four common elements: (i) private property; (ii) contracts enforceable by third parties; (iii) markets with responsive prices, and, (iv) supportive governments (p. 2). Each of these elements must deal with *capital* in a productive sense as a factor of production. Armed with this definition he makes the assumption that

the current world economy has been a long time in the making, so we look for the beginnings of the ‘rise of capitalism’ as far back as archaeologists have been able to detect tangible evidence of some human activity that was consistent, if not fully congruent, with the practices of modern capitalism. Organized market activity that took place over long distances, and consequently with long time horizons and long-lived structures, has left archaeological remains as well as an occasional historical record (p. 6)

In this vein, it appears that the archeological evidence supports the view that there were flourishing markets in Babylon, Egypt and Phoenicia, and the rudiments of a thriving market and trading system in the Greek city-states based on principles of finance, law, and contract enforcement. He goes on to make the case for the study of the ancient Silk Road, following Étienne de la Vaissière’s work. As he writes:

Demonstrating that even populations confined to the interior of the Eurasian land mass could engage in long-distance trade and generate independent technical innovations, the fabled Silk Road was traversed for centuries by profit-seeking merchants. The best known were the Sogdian traders, long before Marco Polo made Europeans aware of the existence of the Silk Road and the incredible wealth of Kublai Khan in the thirteenth century. Again, modern archaeologists have uncovered astonishing evidence of the prosperity centered on the trading emporia of Samarkand and Bukhara, which not only connected the various Chinese states over time with the Black Sea and the eastern Mediterranean but also extended trade routes south into India and north as far as the Baltic. All this trade, however, was conducted under the oversight of competing warlords upon whose favor depended the fortunes of the various merchants, not a favorable setting for the rise of capitalism (p. 9).

Étienne de la Vaissière’s chapter, entitled ‘Trans-Asian trade, or the Silk Road deconstructed (antiquity, middle ages)’ provides an intriguing insight into a central Asian, perspective on the trans-Asian trade, central Asia being, with the Indian Ocean, one of the two main arteries of trade during this period.’ (p. 101). As he says: ‘The so-called Silk Road – a quite recent image (1877) rather than an actual scientific concept – was poorly trodden during centuries and was not a permanent east–west link, as is too often believed.’ Vaissière talks about the way in which the silk economy was established first between Han China and the nomadic tribes of central Asia creating a market for silk rolls, and expeditions and political embassies ‘from the Indo-Iranian borderlands, from Gandhara (nowadays northern Pakistan) and then Bactria (northern Afghanistan)’ (p. 102).

These merchants were accustomed to long-distance trade – in the fifth century BCE traders of Balkh were already selling precious stones (lapis, carnelian?) along the Indus. The second-century BCE report of Zhang Qian, the first Chinese envoy to western central Asia wrote on Bactria that ‘some of the inhabitants are merchants who travel by carts or boats to neighbouring countries, sometimes journeying several thousand li’ (Shiji, 123.3162; a li is roughly half a kilometer). These traders in a few generations managed to establish trading colonies in northern China. In a way, the creation of the Silk Road can be regarded as the combination of the old Middle Eastern trade with the Han expansionist policy. The systems coalesced. (pp. 102–103).

Long distance maritime trade included direct trade between the Red Sea and the coast of India. Berenike, as the major port city of Roman Egypt reached its high point in the first century with trade of silk by Kushan traders and Arabian perfumes. Trade ebbed and flowed and went into abeyance with empire troubles. After a decline of two centuries trade was renewed and revitalised in the fifth

century. From the fifth to the early eight centuries the Road was at its peak: 'Besides silk, the Sogdians traded musk, slaves, precious metals and stones, furs, silverware, amber, relics, paper, spices, brass, curcuma, salammoniac, medicinal plants, candy sugar, and perfumes, etc.' (p. 104).

## The Xuanquan manuscripts

Jidong Yang (2015) explains that the discovery of Han Dynasty manuscripts the Xuanquan ... site near Dunhuang 'has provided scholars with a precious chance to look at the ancient Silk Road from a novel perspective. This site, nowadays deserted and uninhabited, contains the ruins of a postal and relay station of the Han Dynasty. Large-scale excavations at Xuanquan took place in the early 1990s. The most valuable of the unearthed objects are Han official documents written on about 23,000 wooden strips and several hundred pieces of silk and paper [some 400 pieces], dating between 111 BCE and 107 C.E.' (p. 421). Yang (2015) provides an introduction to the ancient sources written by Han historians in the period 206 BCE-220CE:

Much of our current knowledge about the early Silk Road comes from the first three of the Chinese twenty-four histories: *Shiji* JifeiS (Records of the Grand Scribe), *Hanshu* 'HHf (Book of Han), and *Hou Hanshu* U (Book of Later Han). It is well known that all these works, written by court historians from the Han (206 BCE — 220 C.E.) to the Southern Dynasties (317–589), focus on the politics inside of the capital and shed little light on life in the provinces. In these sources, the history of the early Silk Road consists of a series of events that were brought to the attention of the Han emperor and his closest ministers. They provide few clues about the daily life along the early Silk Road, nor can they offer answers to questions such as the volume of traffic along the ancient trade route, accommodations for envoys and merchants, and the kinds of foreign commodities welcomed by the Chinese (p. 421).

These are the best, perhaps the only extant sources, along with the Xuanquan Manuscripts, that give us an accurate picture of the Ancient Silk Road throwing light on the daily routine, the traffic and the role of the Xuanquan station which was a relay or postal station in the Han state machine. It was part of the relay and circulation of written documents used in daily administration and as a means of binding together the territorial state in times of war. The station was roughly a square of 50 meters with thick walls and three horse stables.

Yang's (2015) preliminary study of the role of Xuanquan Station in the early Silk Road through the Xuanquan manuscripts will have to wait for entire corpus to be excavated and published which may take many years by Yang's insightful empirical and textual work provides a 'living' witness to and basis for historical and theoretical work beyond the description:

the postal network built by the Han Dynasty in the Gansu Corridor was the backbone of the ancient route connecting China and Central Asia, and the support and management of the traffic, communication, trade, and diplomatic visits along the road were primarily a state business (p. 431).

As Yang (2015) argues the Han postal system was directed toward contact with the world and quickly became 'an essential tool for governance' in Central Asia enabling the enticement of merchant traders from the region. It also provided and basis for military and trade missions with envoys to outer regions. Most importantly was how the relay system of stations supported support for traders and travelers. As Yang (2015) puts it:

The Silk Road's dependence on the centralized Chinese state would last for about a millennium. As more foreigners came to China, some ethnic groups, such as the Sogdians, would start to organize their own networks of communication. But the government-run Chinese postal system remained incomparable insofar as it provided a full range of services to international travelers (p. 432).

## Implications for understanding the belt and road initiative (BRI)

More than a convenient and poetic metaphor the ancient Silk Road serves as a symbol of greatness of past success for the Han Dynasty and an excitement to the imagination of early travel

and trade. In deeper terms it provides a source of historical continuity and first contact with peoples and cultures who now shared their genetic inheritance and organized exchange that goes back a thousand years. This historical fact is difficult for us to imagine, especially when European accounts stem from Marco Polo's account hundreds of years later. The ancient Silk Road is a model of intercultural exchange sustained over a long period of time. But more than that the ancient Silk Road provides an approach to and model of long-distance trade. Put simply, it is the basis for the birth of merchant capitalism long before the term 'capitalism' was coined in Europe in the mid-nineteenth century. As such we might argue that the ancient Silk Road provides a working example of the co-construction and co-creation between China and the traders of the Old Middle East of a form of capitalism that was an instrument of a financial culture with a new set of norms of exchange, 'trade policy', monetary exchange and, of course, very early forms of capital accumulation and formation. This is a powerful example of an historical model – one of the earliest and most sustained – of merchant capitalism as well as a working example of a theory of trade that comprises three layers based on the movements and the exchange of goods, services, and knowledge, technology and people:

- i. The exchange of goods – silk and paper products, precious stones, jewelry, clothing, gunpowder, animals and animal skins, paper and paper products, and all the necessities that are required for long-distance travel including food, guides, and so on;
- ii. The growth of 'services' as a set of networks of relationships among and between those traveling the ancient Silk Road – kith and kin, professional, the military, administrators, scribes and scholars, 'foreigners' – who established various kinds of networks – postal stations, military posts, tribal affiliations, and, of course, what we call 'technology transfer' of the processes of paper, silk and glass making;
- iii. The 'webs of knowledge' – these ideational elements are the most important but the least obvious and the most difficult to document – routines, knowledge of routes, language skills, intercultural exchange rituals shared when people eat together or communication, calculations, religious practices, art, sculpture and design, meditation techniques, and knowledge 'who' (the networks of contacts).

The three levels in some sense are historical echoes or imprints of the BRI today – *three different kinds of infrastructure* based on the movement of goods, services, people and ideas, the last of which are 'conversational goods' – words, speech, documents, interchange, and abstract ideas from which people learn from informal and formal contact. The last element that epitomizes the openness and interconnectivity that shapes 'education' and informal learning in the broadest sense. It is the essence of the 'education economy' going forward that will provide an infrastructure of the new digital Silk Road that will promote and encourage the exchange of ideas at the speed of light through new 5G and 6G technologies – an interconnectivity still hard to imagine.

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