

How did Capitalism Become a Global System?

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December 20, 2025



Author's Note

This essay began as an attempt to make sense of a recurring argument within left political economy: how capitalism should be explained once its global expansion no longer resembles the European experience that originally gave rise to its theories.

The immediate trigger was a recent controversy around an interview with Vivek Chibber in Jacobin. But this piece is not about that exchange, nor is it written for participants in online ideological disputes. The argument Chibber re-entered is far older and far broader. It runs through a century of debates in Marxist political economy about colonialism, labour, the state, and uneven development—debates that emerged not from abstract theory, but from attempts to explain societies across Asia, Africa, and Latin America where capitalism took durable forms that standard European models could not easily account for.

I have written this essay for readers who may not identify with the Left, or with Marxism at all, but who are interested in a basic question that still animates development economics, political science, and global history: why the same economic system has produced such different outcomes across the world.

What follows is not a defence of any single school of thought. It is an intellectual history of how social scientists—particularly those working outside Europe—were forced to rethink capitalism itself once colonialism, coercion, and dependency became impossible to treat as peripheral details. The aim is not to resolve the debate, but to explain why it exists, why it refuses to disappear, and why it still matters for understanding global inequality today.

Introduction

Capitalism did not merely transform how goods were produced and exchanged. It reorganised societies across the world—unevenly, violently, and at very different speeds. From the moment it became a global system, it required some explanation. How could one economic system generate industrial prosperity in some places, persistent poverty in others, and combinations of market expansion and coercion almost everywhere?

Marxist thought felt the repercussions of this acutely. Marxism had emerged in nineteenth century Europe as a theory of capitalism's internal dynamics like how wage labour, private property, competition, and accumulation transformed agrarian societies into industrial ones. Its core concepts—class struggle, exploitation, and the “mode of production”—were designed to explain this transition. For a time, those concepts travelled well. They illuminated industrialisation, labour movements, and the rise of capitalist states across much of Europe and North America.

But as capitalism expanded beyond Europe, the fit became increasingly uneasy.

Colonial societies were not simply “behind” on the same path. They were integrated into the world economy through conquest, forced trade, slavery, land dispossession, and coercive taxation. Capital accumulation occurred, but often without large-scale industrial employment. Markets expanded, but without dissolving hierarchies of caste, race, or landownership. Powerful states emerged, but without social transformations that European theory expected to accompany them. Capitalism was clearly present, but it did not behave as theory predicted.

This produced a fundamental argument on the Left about how capitalism should be explained once Europe could no longer be treated as the implicit form.

Two Ways of Explaining Capitalism

One line of argument held that capitalism should be defined by its *internal logic*. According to this view, what mattered most was whether people were forced to depend on markets for their survival, whether producers were compelled to compete, and whether accumulation governed economic life. From this perspective, colonialism, slavery, and coercion were historically important but analytically secondary. They shaped the environment in which capitalism spread, but they did not alter its basic structure. The task of theory, in this view, was to clarify capitalism's universal “laws of motion”, not to catalogue its many historical forms.

A different line of argument emerged from Marxists working in and on colonial and post-colonial societies. For them, the problem is that universalisation itself took specific, structured forms. Colonial domination was not just a backdrop. It reorganised land, labour, and state power in ways that shaped how accumulation occurred. Capitalism did not arrive as a ready-made system, but it adapted locally. It was *constituted* through conquest, forced labour, and dependent state structures, and these relations left lasting marks on how economies developed.

The Core Question, Simplified

- Is capitalism defined by **how it compels people to work**?
- Or by the **historical relations through which it expanded globally**?
- Can one theory explain both England's enclosures and India's debt-bound peasantry?

This disagreement was not about the morality of colonialism. It was about **what kind of abstraction could explain capitalism without breaking down once Europe was no longer the implicit reference point**. Was capitalism best understood as a single mode of production that appeared first in Europe and then spread outward? Or did its global expansion fundamentally alter the system itself, producing durable forms of uneven development that theory had to account for?

Across the twentieth century, this question generated a series of debates that reshaped Marxist political economy. Arguments about imperialism, dependency, unequal exchange, modes of production, labour forms, and the post-colonial state were all attempts to solve the same problem from different angles. Social scientists from Asia, Africa, and Latin America did not intervene to “provincialise” European theory for cultural reasons. They intervened because existing explanations could not make sense of societies where capitalism operated through slavery and bondage, where peasants were tied to markets without becoming wage workers, and where states were powerful precisely because domestic classes were weak.

Explaining Capitalism from the Inside

If capitalism appeared in different guises across the world, then the task of theory, in this view, was to identify what made capitalism *capitalism* in the first place.

This approach came to be associated most clearly with what is often called **Political Marxism**, developed most influentially by [Robert Brenner](#) and later elaborated by [Ellen Meiksins Wood](#). Their intervention was not directed at colonial history, but at what they saw as a growing looseness in how capitalism was being defined.

For Brenner, capitalism could not be explained by the expansion of trade, the accumulation of money, or the presence of markets. These features had existed for centuries without producing capitalist social relations. What distinguished capitalism, in his account, was a specific transformation of **class relations in agriculture**, first consolidated in England. Peasants were separated from direct access to land; landlords depended on rent derived from competitive production; and producers were forced to increase productivity simply to survive. This condition—often described as **market dependence**—generated the distinctive dynamic of capitalism with competition-driven accumulation, rising productivity, and structural pressure to reinvest the surplus.

What Political Marxism Tried to Clarify

This was a deliberately narrow abstraction, and that was its strength. By locating capitalism's origins in changing property relations rather than commerce or empire, Brenner sought to explain why capitalism emerged where it did, and why it did not emerge elsewhere despite extensive trade and colonial plunder. Spain, after all, presided over a vast empire and enormous bullion inflows without developing capitalist agriculture or industry. England, by contrast, developed capitalism before it possessed a large overseas empire. For Political Marxists, this was decisive evidence that colonialism could not be the causal explanation for capitalism's emergence.

Ellen Meiksins Wood extended this argument by insisting that capitalism should be understood as a distinct **mode of production**—a system organised around a specific way of compelling people to work and produce. Capitalism, she argued, should not be confused with markets in general or with “modernity” as such. What made capitalism historically novel was not simply that goods were bought and sold, but that **most people were forced to rely on markets in order to survive**.

Under capitalism, exploitation does not usually depend on direct political command—such as a lord ordering a serf to work, or a colonial state forcing through law or violence. Instead, it operates through economic dependence. Workers are legally free, but they must sell their labour because they have no independent access to land or livelihoods. Employers, in turn, are compelled to compete with one another in the market, constantly cutting costs and increasing productivity. Coercion does not disappear in this system; it is transformed. People are not just disciplined by force, but by the pressures of competition and survival.

From this perspective, capitalism can coexist with very different political arrangements—liberal democracies, authoritarian states, colonial administrations—without losing its core dynamics. What unifies these cases is not the form of government or the presence of overt violence, but the underlying condition of market dependence that drives accumulation and class conflict.

It is this long-running intellectual history—rather than any sudden theoretical novelty—that helps explain why a [recent interview](#) with Vivek Chibber (NYU), published in Jacobin, triggered such sharp reactions.

[Jacobin@jacobin](#)

[Despite what you may have heard, colonial plunder didn't give rise to capitalism. In an interview with Jacobin, Vivek Chibber discusses why the “colonialism-created-capitalism” argument fails, and why Marxism provides a better account of its emergence.](#)

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At this point, it is worth clarifying a common source of confusion. When people argue about “what Marx said”, they often overlook the fact that Marx did not leave behind a single, closed theory of capitalism’s global development. He left an unfinished project. A set of concepts designed to analyse capitalism’s core dynamics, alongside scattered but suggestive analyses of colonialism, slavery, and empire. What we call “Marxism” is the history of how later thinkers systematised, extended, or reworked that project in response to new historical realities. Disagreements between Marxists are therefore not disputes over textual fidelity alone, but over how to build theory when capitalism itself takes forms Marx could only partially anticipate.

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Why Capitalism Looked Different Outside Europe

The thinkers discussed in this section are chosen because each confronted a specific failure in existing Marxist explanations of capitalism. Rather than treating colonial societies as incomplete versions of European development, they asked whether the categories used to explain capitalism itself needed to be rethought. Their work did not reject Marx’s method. It extended it, by rebuilding core concepts—such as the mode of production, labour, and the state—under historical conditions Marx could only partially observe.

There is extensive Marxist scholarship on pre-colonial agrarian systems and modes of production. Throughout the twentieth century, historians and political economists developed detailed typologies of tributary, feudal, and state-centred forms of extraction across Asia, Africa, and Latin America. Those debates were crucial for understanding how surplus was produced before colonial rule. But they did not, on their own, explain why capitalist accumulation, once established, repeatedly failed to produce the social transformations European theory anticipated. The interventions discussed here emerged precisely at that point of breakdown.

Why Colonial Capitalism Forced Theory to Change

One of the most influential attempts to do this came from Jairus Banaji. Banaji’s starting point was a simple but destabilising observation. Many forms of labour that European Marxism treated as pre-capitalist survivals—bondage, sharecropping, debt-labour, labour-tenancy—were not marginal to capitalism in colonial societies. They were central to how accumulation actually worked.

Much of Banaji’s intervention was shaped by colonial India, where agrarian capitalism expanded without widespread industrial employment or stable wage labour. In regions such as the Deccan, peasants were deeply integrated into markets through debt, advances, and commercial cropping, yet remained tied to land and intermediaries rather than becoming factory workers. Moneylenders, merchants, and landlords extracted surplus through contracts that looked “pre-capitalist” on the surface, but were fully oriented toward profit and accumulation. These were not transitional anomalies. They were durable arrangements that structured capitalism’s everyday operation.

If capitalism could expand and extract surplus through such arrangements over long periods, then defining capitalism primarily by the presence of “free” wage labour was analytically misleading.

Banaji’s response was not to deny the importance of wage labour, but to separate two things that Marxism had often collapsed into one, the **mode of production** and the form of **labour exploitation**. A mode of production, according to him, is defined by its underlying logic—the imperative to accumulate surplus through market dependence and competition—not by any single labour form. Capitalism could therefore incorporate slavery, bonded labour, or sharecropping without ceasing to be capitalist, so long as these relations were subordinated to accumulation. What appeared as hybridity or backwardness from a European vantage point was, in fact, a different configuration of capitalist domination.

This conceptualisation had far-reaching consequences. It explained why proletarianisation could stall without halting accumulation, why coercion could persist without signalling a failure of capitalism, and why agrarian societies could be deeply capitalist without resembling European industrial trajectories.

[Mahdi Amel](#) pushed this argument further by insisting that colonialism was not merely a condition under which capitalism spread, but a **structuring relation of production** in its own right. For Amel, the problem with treating colonial societies as variants of capitalism was that it obscured how colonial domination reorganised class relations themselves. Colonial economies were not simply capitalist economies with distortions.

Amel developed this argument while analysing political economies of the Arab world, particularly societies shaped by colonial trade, finance, and mandate rule. In places like Lebanon, Egypt, and Algeria, commercial capital flourished, urban elites accumulated wealth, and states expanded their administrative reach. Yet productive investment remained limited, industrial employment thin, and economic growth tightly bound to external markets. The problem was not the absence of capitalism, but the way colonial integration channelled accumulation outward, reinforcing dependency rather than transformation.

They were structured by a specific relation of dependency that shaped how surplus was produced, transferred, and blocked from reinvestment. Amel’s concept of a **colonial mode of production** was an attempt to theorise this structural dependency. Colonial accumulation, he argued, was oriented outward, tied to metropolitan capital through trade, finance, and state power. This produced a local bourgeoisie that was commercially active but structurally constrained—unable to reorganise production or carry out the transformations associated with autonomous capitalist development. The result was not stagnation in a literal sense, but a closed and repetitive pattern of accumulation, in which growth coexisted with chronic underdevelopment.

This framework also reframed the meaning of class struggle. In colonial societies, Amel argued, struggles over national liberation were not distractions from class politics, but the historically specific form through which class conflict was expressed. The structure of colonial

domination shaped not only economic outcomes, but the terrain on which political struggles unfolded.

Hamza Alavi addressed a different but related puzzle, the [nature of the postcolonial state](#). Alavi's argument emerged from the experience of Pakistan and, later, Bangladesh—states that inherited powerful bureaucratic and military institutions from colonial rule. These states intervened heavily in economic planning, industrial policy, and land reform, yet remained weakly accountable to popular classes. Military rule, emergency powers, and technocratic governance were not deviations from capitalism, but stable features of it. The question Alavi posed was not why these states failed to become liberal democracies, but why capitalist development consistently took a statist and authoritarian form.

Classical Marxist theory tended to treat the capitalist state as an instrument forged through bourgeois revolution, reflecting the balance of power between domestic classes. But in many post-colonial societies, the state appeared unusually powerful relative to those classes, often intervening directly in accumulation while remaining insulated from popular pressure.

Alavi's explanation traced this autonomy back to the colonial period. Colonial rule had produced an **overdeveloped state apparatus**, designed to dominate society rather than mediate class compromise. At independence, this apparatus was inherited intact, but with a dominant domestic bourgeoisie capable of controlling it. The result was a state that mediated between competing elites—landed classes, indigenous capital, and foreign interests—while pursuing its own institutional interests through bureaucratic and military power.

This account helped explain why post-colonial states could be simultaneously interventionist and exclusionary, developmental and authoritarian. Their strength did not signal the completion of capitalist transformation, but the absence of a class settlement comparable to that which emerged in Europe. So, these interventions redefined capitalism's universality. It was no longer understood as a system that necessarily dissolved coercion, produced wage labour, or generate bourgeois hegemony. It was understood as a global system whose logic could be realised through multiple, enduring social forms—forms shaped decisively by colonial history. Capitalism looked different outside Europe because it had been constituted differently, and explaining that difference required rebuilding Marxist theory itself.

What These Debates Changed

Seen from outside the Left, these arguments can look like disputes over terminology or historical emphasis. In fact, they amount to **competing explanations of capitalist development**—alternatives to the dominant ways social science has tried to explain why capitalism produced prosperity in some places and persistent inequality in others.

Mainstream explanations of development have tended to fall into a few broad categories: late industrialisation, institutional quality, or policy choice. The Marxist debates reconstructed here do not simply reject these accounts. They **reframe the question they are trying to answer**.

Instead of asking why some societies failed to converge on a European path, they ask how capitalism itself became a global system—and why that system could generate growth, stagnation, coercion, and inequality at the same time.

This reframing produced several lasting shifts in how capitalism is understood.

1. Capitalism could no longer be defined by a single labour form

Earlier theories often treated free wage labour as capitalism's defining feature, and coercive labour as a remnant of pre-capitalist society. The historical record outside Europe made this view untenable.

Colonial and postcolonial economies showed that capitalism could expand for long periods through slavery, debt labour, sharecropping, and labour-tenancy, so long as production was subordinated to accumulation and market dependence. These were not transitional leftovers. They were stable mechanisms of surplus extraction.

The implication was clear. Capitalism had to be defined by its **logic of accumulation**, not by the legal form of labour alone.

2. Coercion was not sign of capitalism's absence or failure

In mainstream narratives, coercion tends to appear as evidence that markets are underdeveloped or institutions are incomplete. The debates discussed here reversed that assumption.

Coercion did not disappear with capitalism's expansion; **it was reorganised**. Market dependence, debt, state power, and labour discipline often worked together. Capitalism did not replace force with freedom; it combined them in historically specific ways.

This made it possible to explain why capitalist development could coexist with authoritarian rule, labour repression, and social hierarchy without treating these outcomes as anomalies.

3. Colonialism had to be treated as structurally constitutive, not incidental

Rather than treating colonialism as an external shock or a "immoral episode" in human history, these theories treated it as a **structuring relation**. Colonial rule reorganised land ownership, labour markets, state institutions, and trade patterns in ways that shaped how capitalism operated long after formal independence.

This meant that postcolonial underdevelopment was not primarily the result of delayed reform or poor policy choices. It was rooted in forms of integration that channelled accumulation outward, constrained domestic transformation, and produced dependent class structures.

4. The state could not be explained as a simple reflection of domestic class power

Classical theories often assumed that capitalist states emerged from bourgeois revolutions and reflected class compromises. In many postcolonial societies, the sequence was reversed.

Colonial rule produced strong, **insulated state apparatuses** before domestic capital classes were capable of controlling them. After independence, these states mediated between landed elites, domestic capital, and foreign interests, while pursuing their own institutional survival.

Authoritarianism, militarisation, and technocratic governance were therefore not deviations from capitalist development, but historically durable forms of it.

5. Uneven development ceased to be an anomaly in need of correction

Perhaps most importantly, these debates undermined the idea that uneven development was a temporary distortion that better institutions or policies would eventually eliminate.

Instead, unevenness came to be understood as a **normal outcome of capitalism's global expansion**. Capitalism did not spread outward from Europe unchanged. It was constituted through unequal incorporation, producing durable differences in labour regimes, state forms, and growth trajectories.

These arguments offer an alternative narrative of capitalist development. One that does not rely on cultural deficit, institutional failure, or incomplete modernisation. Instead, it explains global inequality as the outcome of a single economic system operating through multiple, historically specific social forms.

This is why these debates continue to resurface. They speak not only to Marxists, but to anyone trying to understand why globalisation, supply chains, authoritarian growth, and persistent inequality remain defining features of the modern world. The question they pose is not whether capitalism works, but **how it works differently across societies—and why explaining that difference requires more than one story about capitalism itself**.

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Further Reading

The debates discussed in this essay span multiple disciplines and regions. The following readings are grouped to help readers navigate them without prior familiarity with Marxist theory.

1. Capitalism as a Historical System (Foundational)

These works ask what makes capitalism distinct as a social system, rather than equating it with markets or modernity.

- **Capital**, Karl Marx

Especially Volume I, on primitive accumulation and the compulsion to sell labour.

- **The Origin of Capitalism**, Ellen Meiksins Wood

A clear, accessible account of capitalism as a historically specific mode of production.

- **Merchants and Revolution**, Robert Brenner

The classic statement of the argument that capitalism arose from changing class relations, not trade or empire alone.

2. Capitalism Beyond Europe: Labour, Empire, and Accumulation

These works confront the limits of European development narratives by examining how capitalism operated in colonial and agrarian societies.

- **Theory as History**, Jairus Banaji

A major rethinking of capitalism that separates its logic from any single labour form.

- **Arab Marxism and National Liberation**, Mahdi Amel

A rigorous attempt to theorise colonial dependency as a structuring relation of production.

- **How Europe Underdeveloped Africa**, Walter Rodney

A historically grounded account of how colonial integration shaped long-term underdevelopment.

3. States, Power, and Postcolonial Capitalism

These texts focus on why capitalist states outside Europe often developed strong, authoritarian, or technocratic forms.

- **The State in Post-Colonial Societies**, Hamza Alavi

A classic analysis of the “overdeveloped” postcolonial state in South Asia.

- **Accumulation on a World Scale**, Samir Amin

A foundational account of dependency and unequal exchange in the global economy.

4. Relational and Global Perspectives

These works offer broader frameworks for understanding capitalism as a world system shaped by uneven and combined development.

- **Uneven and Combined Development**, Justin Rosenberg

A contemporary attempt to theorise global development relationally, beyond internalist explanations.

- **The Long Twentieth Century**, Giovanni Arrighi

A world-historical account of capitalism's shifting centres and systemic crises.

5. Engaging the Contemporary Debate

For readers interested in the recent controversy that prompted this essay:

Postcolonial Theory and the Specter of Capital, Vivek Chibber

A defence of universal categories in social theory and a critique of postcolonial exceptionalism.