



The development of capitalism did not depend merely upon the transformation of production techniques

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Abstract

In this paper we trace the path of development of capitalism. We address the factors that contributed to the growth of capitalism like where did money come from, where did capitalists come from, how did they become so powerful, where did the workers come from and other issues such as trade, non-material factors and also the role of industrial revolution and technology.

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Introduction

What is capitalism?

Marxist definition of capitalism is based on the way in which means of production are owned and the social relation between men that result from this connection. Marx considers it as a means of production in which labor power is a commodity and is exchanged in the labor market. There is concentration of ownership of the means of production in the hands of a minority which leaves the majority with only their labor as source of livelihood in absence of any other means of production (Dobb 1963) ^[3].

Where did money come from

For primitive accumulation to make sense it must be interpreted as accumulation of capital claims and accumulation in the hands of that class that is able to transform this wealth into actual means of production. According to Dobb there are 2 ways in which a class may increase its ownership of property. Firstly, phase of acquisition, purchase of property from owners in exchange of immediate consumption. This property could be sold in exchange for money. In this case the consumption or money stock of old owners will increase and hence will deplete the new class of its money. By this method various theories try to explain the origin of capitalism by some windfall gain of income accruing to the bourgeoisie in pre-capitalist period. Secondly, during the phase of realization, bourgeoisie may acquire property when it is cheap and sell it at some later period when its market value is high in exchange for labor power or industrial equipment whose value would be low.

By this exchange they will acquire a large portion of total wealth. An important feature of the second method is that its result depends upon the increment in value of property and for such an increment to happen special circumstances are needed. Some influence is needed which would depress the value of the object of hoarding by bourgeoisie during the phase of acquisition and enhance its relative value in the phase of realization. For example an influence where former land holders become spendthrift and sell off their land cheaply in the first period which would cause the means of production to be cheap in later periods. In 15th and 16th century England economic distress placed feudal landlord owners in a position of distress and played a major role in easy purchase of land by bourgeoisie. In this period mortgages and

other debt instruments were available on easy terms. Rapid increase in the supply of precious metals and price inflation could also have contributed to accumulation.

The phase of realization was also important to make investment in industrial production. In this primary requirement were plentiful reserves of labor, easy access to raw material, tools and machinery. Dobb says that the essence of primitive accumulation is not simply the transfer of property from old class to new class but concentration of property in few hands and transfer of property from small owners to bourgeoisie and hence the pauperization of the former. Investment in industry was fewer advances because of deficient labor supply, urban guild regulation and dominance of big trading corporations. In the 14th century there was a fall in land values followed by a period of crisis of landlord estate farming in the 15th century and the bourgeoisie acquired wealth and gentility.

The growth of banking institutions also contributed to bourgeois accumulation. Tax farming was also lucrative by pursuit of English merchants. In the 17thc the joint stock companies gained popularity and practice of open selling of shares began. Sale of shares meant more funds available for investment and decline in wages led to higher profits. Gains from trade acted as a brake on industrial investment by diverting capital into this more lucrative sphere. Some profits from there are astounding (Vasco Da Gama returned with a cargo which repaid 60 times the cost of the expedition). In the end of 16thc limitation on those engaging in trade and emphasis on favorable terms of trade at the expense of its volume acted as a fetter to the progress of industrial investment.

Where did workers come from (growth of proletariat)

The reason why primitive accumulation is so important for the genesis of Capitalism is because it concentrates the means of production into fewer hands than before and thus created a majority class which can only sell its labor in order to subsist and hence must rely on the capitalist, who now has the final ingredient for bringing about Capitalism. Proletariat was a class of wage earners whose only significant material value is their labor power. Grants of rents were made in small numbers at nominal price or easy credit and led to the development of society of small cultivators. Sale of land created a society of large proprietors with a class division between proprietors and property less.

Plentifulness and cheapness of land enabled everybody who wished to become landowner and led to the scarcity of labor for hire. Those who wanted to establish capitalist's relations of production became clear that restrictions needed to be placed on land ownership to a minority (excluding majority from any share in property). One kind of property was born from an old kind of property and larger property grew and the capitalist class arose because of political or economic advantage. According to Marx for capitalism to mature two kinds of commodity possessors have to come into contact firstly the owners of money, means of production who are eager to increase their value by buying labor power of others and secondly free laborers that are sellers of their own labor power. The Capitalist system presupposes separation of labor from property and the process of primitive accumulation is the process of divorcing producers from the means of production. Proletariat was rapidly recruited in the period of slow natural increase of population.

Once industrial capitalism was established its need for labor power was supplied by the natural rate of increase of the proletariat. Over the three centuries the population of England grew and also a rise in the number of destitute. Disbanding of feudal retainers, dissolution of monasteries and enclosure of land for sheep farming meant that the tenants were forced out of the countryside in 15th, 16th century till mid 18th century. It was the age when men took to highway robbery, and thieves and vagabonds were subject to brutality of legislation. Enclosure movement continued after 1600 till it reached a new peak in the orgy of enclosure bills which accompanied the industrial revolution in the mid 18th century pace of dispossession quickened in the cities guilds became more exclusive. They tightened entry requirements, extracted fees and payments as the price of setting up a master.

Some towns imposed obstacles to the entry of newcomers. As the number of craftsmen grew they lost their independence and became semi proletarian and tied to a capitalist due to the inability to obtain working capital. The peasants who were uprooted and craftsmen who were uprooted formed the new working class. Compulsory work was provided and unemployment was declared as an offense. A law of 1496 said that vagabonds be put inside bars for 3 days and 3 nights and next time it should be doubled up. Vagabonds in London were beaten by sheriff's officers, round iron placed around their neck, beaten with red hot iron, and adjudged the slave for 2 years for the person who informs about if the master could beat his slave and chain his slave and brand him on cheek or forehead in case he runs away. there was acute destitution, redundant army of labor and fall in real wages in 16th century. In 16th century England there was surplus labor. Another way of growth of the proletariat is through economic differentiation. Main factors in this are the differences that arise in quantity/quality of land holding, difference in instruments of tillage and of draught animals.

Where did capitalists come from and how did they become so powerful (rise of bourgeoisie)

In the towns there were original owners of land and immigrants from surrounding countries who bought land from some citizens of older generations. These original land owners dominated the urban government and used their feudal privileges to acquire exclusive rights in long distance trade. Their presence complicated the political struggle of the burghers against the feudal authority and converted their

struggle into an internal class-war within the town community. Inequalities in the English towns were not very marked.

The Guild contained only a section of townsmen and admission into it required payment of an entrance fee. In the early guilds there was no distinction in status between a trader, master and journeyman (his position was that of a companion worker). The journeyman could himself set up as a master, secure the right of having a workshop and engage in retail trade. As the town population grew, original owners of land got money from sale of land and that formed an important source of capital accumulation in 13th and 14th C. A source of capital accumulation was also development i.e. Rise of a privileged class of burghers. Source of this new burgher wealth was obligatory serf labor that is the fruit of surplus labor. So much commerce in those times consisted of exploiting political power and a class of merchants quickly acquired powers of monopoly. The second one is exploitation through trade by which surplus accrued to the merchant capitalist at the cost of urban craftsmen, peasant producer and aristocratic consumer. In the towns the beginning of trading took two forms.

Firstly, a specific trading element separated itself from production to monopolize wholesale trade and secondly, new trading organizations soon dominated town government and used their political power to control craftsmen. In Netherlands guilds became corporations of richer merchants and monopolized trade and levied an entrance fee which was beyond the reach of smaller merchants. Political control in the towns passed into the hands of richer burghers who came to be known as "patriciate". There was also a change in the form of government from democracy to plutocracy to oligarchy.

By mid 14th c richer Parisian weavers changed to drapers and subordinated fullers and dyers. In the guild merchant composed of burgesses and became a closed organization to exclude craftsmen from privileges of wholesale trade. Overtime division occurred in various guilds, crafts guild possessing monopoly over a line of production and in mercantile guilds they had exclusive rights over certain spheres of trade. With the growth of markets and foreign trade privileged ranks got a chance to grow. The markets were expanding through growth of towns and urban markets and increased penetration of money economy into manor with the growth of hired labor and leasing of land for money rent. Foreign trade provided opportunities for rapid commercial advancement.

Civil war (war between monarchy and parliamentary)

Civil war was the war between crown and parliamentarians. Parliamentarians included the working craftsmen, tenants of landlords, capitalists, producers and the new merchant class. While the monarchy included the feudal lords and the older and bigger merchants. Division of the country between parties of the king and parliament followed economic and social lines. A small group of wealthier merchants who dominated the town government were loyal to the crown while the majority of the population of towns were parliamentarians. The new Cromwellian army and independents were the real driving force of the revolution. The reasons so far known of the civil war are struggle against the monarchy charters, protests against patents and geographical monopoly. The land question played an important role in the disagreements internal to parliamentary

cause. By the time of the civil war investment in land had become extensive. The crown was dislodged in 1648 and restored again after some time. Politically the royal crown suffered a moral blow and the control of trade and finance, the judiciary and the army had been transferred into the hands of the parliament.

With abolition of prerogative courts crown had lost its independent executive power. Feudal tenures were abolished in 1646 and were never restored. Except for the East India Company the exclusive privileges of foreign trading companies was weakened. In their place the newer type of joint stock companies were coming into prominence where capital was the king. While the bourgeois revolution in 17th century England went only a small distance, it had achieved enough to accelerate the growth of industrial capital and it set the stage for industrial revolution in the century to come.

Lastly, talking about the role of factors such as trade and other non-material factors in the development of capitalism. According to Sweezy trade was the single most factor that led to the decline of feudalism and subsequent emergence of capitalism in feudalism there was no boundless thirst for surplus. In the case of capitalism its production for exchange is characterized by long distance trade. Sweezy defines the process of capitalism as primarily dependent on the basis of growth of trade, that is the growth of trade would lead to capitalist development. He did not say that immediately as trade develops then there will be a new system called capitalism but he thinks that the growth of trade is the fundamental cause for the growth of capitalism.

Growth of towns according to Sweezy is also because of growth of trade. Intercontinental trade network ensured that new productive techniques flowed rapidly from one to another. Trade encourages the putting-out system which was an early precursor to capitalist mode of production. Coming on to the non-material factors, Max Weber said that it is the "protestant ethic" that brings about capitalism and this he believed was the major reason as to why capitalism emerged in the west and not in the oriental cultures. Weber argues that the religious ideas of groups such as Calvinists (reformed Christianity) played a role in creating the capitalistic spirit. Weber observes a correlation between being protestant and being involved in business. Weber argues that this new attitude broke down the traditional economic system, paving the way for modern capitalism. He is not arguing that Protestantism caused the capitalistic spirit but rather it was one of the contributing factors. Weber is the exact opposite of the Marxist method of Historical Materialism.

Hence we conclude that it was not only the productive techniques but rather other factors that also contributed to the development of capitalism. Factors such as primitive accumulation led to the growth of the proletariat. Factors such as the rise of the bourgeoisie class and civil war are also explored.

References

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