

THE INVENTION OF CAPITALISM

Classical Political Economy and the

Secret History of Primitive Accumulation

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CHAPTER 2 The Theory of Primitive Accumulation

Analytical Preliminaries

Although primitive accumulation was a central concern to classical political economists, the study of this concept began in confusion and later settled into an unfortunate obscurity. The seemingly Marxian expression, "primitive accumulation," originally began with Adam Smith's (Smith 1976, 2.3, 277) assertion that "the accumulation of stock must, in the nature of things, be previous to the division of labour."

Smith's approach to original accumulation is odd, to say the least. Certainly, the division of labor is to be found throughout history. It even exists in insect societies (see Morely 1954). Yet Smith would have us believe that the division of labor had to wait for "the accumulation of stock," his code word for capital. Such an idea is patently false. How could we interpret the division of labor in an anthill or a beehive as a consequence of the accumulation of stock?

Marx translated Smith's word, "previous" as "*ursprünglich*" (Marx and Engels 1973, 33:741), which Marx's English translators, in turn, rendered as "primitive." In the process, Marx rejected Smith's otherworldly conception of previous accumulation. He chided Smith for attempting to explain the present existence of class by reference to a mythical past that lies beyond our ability to challenge it. Marx insisted, "Primitive accumulation plays approximately the same role in political economy as original sin does in theology" (1977, 873). Marx's analogy is apt. Both original sin and original accumulation divert our attention away from the present to a mythical past, which supposedly explains the misfortunes that people suffer today.

In other words, any theory based on either original sin or original accumulation is both excessively and insufficiently historical. It is excessively historical because it situates the subject in a remote past, disconnected from contemporary society. It is insufficiently historical because it relies on a mythical treatment of the past. Etienne Balibar's (1988, 49) expression, "ahistorical historicism, or the historicity without history in

Marx's thought," is an appropriate characterization of this part of Marx's work.

To underscore his distance from Smith, Marx prefixed the pejorative "so-called" to the title of the final part of the first volume of *Capital*, which he devoted to the study of primitive accumulation. Marx, in essence, dismissed Smith's mythical "previous" accumulation, in order to call attention to the actual historical experience. In contrast to the "so-called" primitive accumulation, Marx analyzed in detail the brutality of the actual historical experience of separating people from their means of production in an effort to lay bare the origin of the capitalist system.

The Historical Basis of Primitive Accumulation

The contrast between Smith's scanty treatment of previous accumulation and Marx's extensive documentation of the subject is striking. Marx's (1977, 915) survey of primitive accumulation carries us through a several-centuries-long process, in which a small group of people brutally expropriated the means of production from the people of precapitalist society around the globe:

The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the indigenous population of that continent, the beginnings of the conquest and plunder of India, and the conversion of Africa into a preserve for the commercial hunting of blackskins, are all things which characterize the dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation.

Marx did not limit his interpretation of primitive accumulation to isolated pockets of the world. The fruits of primitive accumulation are fungible. For example, he insisted that "a great deal of capital, which appears today in the United States without any birth-certificate, was yesterday, in England, the capitalized blood of children" (ibid., 920).

According to Smith, economic development progressed through the voluntary acts of the participants. Marx (ibid., 926), in contrast, believed that "capital comes dripping from head to toe, from every pore, with blood and dirt." Workers were "tortured by grotesquely terroristic laws into accepting the discipline necessary for the system of wage-labour" (ibid., 899). Where Smith scrupulously avoided any analysis of social relations, Marx produced an elaborate study of the connection between the development of capitalistic social relations and so-called primitive accumulation.

In later years, Marx displayed an impatience with those who failed to

ground their treatment of primitive accumulation in concrete historical analysis. For example, he chastised Nikolai Mikhailovsky's suprahistorical presentation of primitive accumulation, in which the latter mechanically extrapolated Russia's future from Marx's analysis of the European experience of primitive accumulation (letter to the editorial board of *Otechestvenniye Zapitski*, November 1877, in Marx and Engels 1975, 291–94).

Granted that primitive accumulation is a historical process rather than a mythical event, a further question arises: Why does this process, or at least most accounts of Marx's treatment of it, seem to stop so abruptly with the establishment of a capitalist society? Marx himself offered few examples of primitive accumulation that occurred in the nineteenth century outside of colonial lands.

In his letter to *Otechestvenniye Zapitski*, Marx seemed to take an almost Smithian position, diminishing the importance of primitive accumulation by relegating it to a distant past. Marx even denigrated his chapter in *Capital* on primitive accumulation as "this historical sketch," insisting that it "does not claim to do more than trace the path by which in Western Europe, the capitalist economy emerged from the womb of the feudal economic system. It therefore describes the historical process which by divorcing workers from their means of production converts them into wage workers" (ibid., 293). We must read this letter in its political context. Marx was upset that Mikhailovsky was attempting to use the chapter on primitive accumulation to convey the impression that Russia's future would be mechanically determined by the "inexorable laws" of capitalism (ibid.). Marx was certain that, although the nature of capital might be unchanged, the specifics of Russian and western European development would be quite different. Consequently, he wanted to point out to Mikhailovsky the mistake of thinking that one could mechanically "predict" the Russian outcome on the basis of western European experiences.

At times, Marx did propose a theoretical stance that would seem to confine the importance of primitive accumulation to the historical past. Lucio Colletti (1979, 130) singles out the following extended passage from the *Grundrisse*:

The conditions which form its [capital's] point of departure in production—the condition that the capitalist, in order to posit himself as capital, must bring values into circulation which he created with his own labour—or by some other means, excepting only already available, previous wage labour—belongs among the antediluvian conditions of capital, belongs to its historic presuppositions, which, pre-

cisely as such historic presuppositions, are past and gone, and hence belong to the history of its formation, but in no way to its contemporary history, i.e., not to the real system of the mode of production ruled by it. While e.g., the flight of serfs to the cities is one of the historic conditions and presuppositions of urbanism, it is not a condition, not a moment of the reality of developed cities but belongs rather to their past presuppositions, to the presuppositions of their becoming which are suspended in their being. The conditions and presuppositions of the becoming, or the arising, of capital presuppose precisely that it is not yet in being but merely in becoming; they therefore disappear as real capital arises, capital which itself, on the basis of its own reality, posits the conditions for its realization. (Marx 1974, 459–60)

In *Capital*, the same idea appears with a similar wording, except for the elimination of some of the more baroque Hegelesque terminology (Marx 1977, 775). Taken very simply, Marx seems to have been suggesting that the initial separation of workers from the means of production was a necessary historical event for the establishment of capitalism. In short, primitive accumulation was an essential component of what Engels (1894, 217) called the “great division of labor between the masses discharging simple manual labour and the few privileged persons directing labour,” but it was irrelevant to the ongoing process of capitalism. In *Capital*, Marx also generally appears to restrict the action of primitive accumulation to a short period in which traditional economies converted to capitalism. As he wrote in *Capital*: “The different moments of primitive accumulation can be assigned in particular to Spain, Portugal, Holland, France and England, in more or less chronological order. These different moments are systematically combined together at the end of the seventeenth century in England” (Marx 1977, 915).

Was Smith then correct after all in relegating primitive accumulation to the past—at least in the societies of advanced capitalism? We will see that the answer is an emphatic no.

The Coexistence of Primitive and Capitalist Accumulation

Despite Marx’s words to the contrary, the overall presentation of the first volume of *Capital* suggests that he rejected Smith’s approach of assigning primitive accumulation to a distant past. Indeed, the material in his part 8, “The So-Called Primitive Accumulation,” does not appear to be quali-

tatively different from what is found in the previous chapter, "The General Theory of Capitalist Accumulation."

When Marx's study of primitive accumulation finally reached the subject of Edward Gibbon Wakefield, Marx did not qualify his appreciation of the father of modern colonial theory by limiting its relevance to an earlier England. Instead, he insisted that Wakefield offered significant insights into the England where Marx lived and worked (Marx 1977, 940; see also Marx 1853, 498).

Read in this light, Marx's letter to Mikhailovsky is also consistent with the idea that the importance of primitive accumulation was not what it taught about backward societies, but about the most advanced ones. In spite of the presumptions of some authors to prove otherwise (see, for example, Foster-Carter 1978, esp. 229), Marx (1976, 400n) himself, referring to the institutions of Mexico, contended that the "nature of capital remains the same in its developed as in its undeveloped forms."

Even so, the presentation in *Capital* still does suggest a temporal cleavage between the initial moment of primitive accumulation, when capitalists accumulated by virtue of direct force, and the era of capitalist accumulation, when capitalists accumulated surplus value in the market. This dichotomy might appeal to our common sense; still, it is itself rather ahistorical.

In conclusion, at some times, Marx's analysis of primitive accumulation sometimes seems to be a process that ceased with the establishment of capitalism. At other times, it seems to be more of an ongoing process. What then is the source of this confusion?

The Primacy of Capitalist Accumulation in Capital

Why was Marx not more explicit about the continuity of primitive accumulation? To answer this question, recall the purpose of Marx's exposition of primitive accumulation. On a theoretical level, Marx was attempting to debunk Smith's theology of previous accumulation, which suggested that capitalists' commanding position was due to their past savings.

In the process, he was attempting to lay bare the historical origins of market relations. He intended this historical analysis to refute the contention of classical political economy that markets supposedly work fairly because invisible hands somehow intelligently guide the world toward inevitable prosperity and even a higher level of culture.

Marx's depiction of primitive accumulation conveyed an overriding

sense of the unfairness of that altogether brutal experience. Yet, this portrayal stood in contradiction to the main thrust of *Capital*. After all, Marx's primary message was that the seemingly fair and objective rule of capital necessarily leads to exploitation.

Although Marx accepted that markets were progressive in the long run, insofar as they prepared the ground for socialism, he was convinced that allegedly impartial market forces produced more cruelty than the crude and arbitrary methods of primitive accumulation. To emphasize primitive accumulation would have undermined Marx's critique of capitalism.

Marx would not have wished his readers to believe that measures to eliminate "unjust" instances of primitive accumulation might suffice to bring about a good society. To have stressed the continuing influence of primitive accumulation would have risked throwing readers off track. Certainly, Marx did not want his readers to conclude that the ills of society resulted from unjust actions that were unrelated to the essence of a market society.

On the contrary, Marx insisted that the law of supply and demand, not primitive accumulation, was responsible for the better part of the horrible conditions that the working class experienced. As a result, he subordinated his insights about primitive accumulation to a more telling critique of capitalism; namely, that, *once capitalism had taken hold*, capitalists learned that purely market pressures were more effective in exploiting labor than the brutal act of primitive accumulation. In this sense, Marx's relegation of primitive accumulation to the historical past made sense. By calling attention to the consequences of the market's unique logic, he was reinforcing his basic contention that piecemeal reforms would be inadequate. In this vein, Marx (1977, 899–900) wrote:

It is not enough that the conditions of labour are concentrated at one pole of society in the shape of capital, while at the other pole are grouped masses of men who have nothing to sell but their labour-power. Nor is it enough that they are compelled to sell themselves voluntarily. The advance of capitalist production develops a working class which by education, tradition and habit looks upon the requirements of that mode of production as self-evident natural laws. The organization of the capitalist process of production, once it is fully developed, breaks down all resistance. The constant generation of a relative surplus population keeps the law of the supply and demand of labour, and therefore wages, within narrow limits which correspond to capital's valorization requirements. The *silent compulsion of economic relations* sets the seal on the *domination of the capitalist over*

the worker. Direct extra-economic force is still of course used, but only in exceptional cases. In the ordinary run of things, the worker can be left to the "natural laws of production," i.e., it is possible to rely on his dependence on capital, which springs from the conditions of production themselves, and is guaranteed in perpetuity by them. It is otherwise during the historical genesis of capitalist production. The rising bourgeoisie needs the power of the state, and uses it to "regulate" wages, i.e., to force them into the limits suitable to make a profit, to lengthen the working day, and to keep the worker himself at his normal level of dependence. This is an essential aspect of so-called primitive accumulation. (emphasis added)

The force of the "silent compulsion" is more effective than the crude methods of primitive accumulation:

the pretensions of capital in its embryonic state, in its state of becoming, when it cannot yet use the sheer force of economic relations to secure its right to absorb a sufficient quantity of surplus labour, but must be aided by the power of the state. . . . Centuries are required before the "free" worker, owing to the greater development of the capitalist mode of production, makes a voluntary agreement, i.e. is compelled by social conditions to sell the whole of his active life. (ibid., 382)

Again, in describing the centralization of capital, Marx (1981, 3:609) noted how effectively market forces had replaced primitive accumulation: "Profits and losses that result from fluctuations in the price of . . . ownership titles, and also their centralization in the hands of railway magnates . . . now appears in place of labour as the original source of capital ownership, as well as taking the place of brute force."

Marx (ibid., 354) also made the connection between market forces and primitive accumulation when he discussed the tendency of the rate of profit to fall: "This is simply the divorce of the conditions of labour from the producers raised to a higher power. . . . It is in fact this divorce between the conditions of labour on the one hand and the producers on the other that forms the concept of capital, as this arises with primitive accumulation."

Here, Marx (ibid., 348) referred to "expropriating the final residue of direct producers who still have something left to expropriate." This note is important because it indicates that Marx realized the ongoing nature of primitive accumulation, although as I argue he wanted to suppress its importance to highlight the "silent compulsion" of the market.

Judging by his words, Marx was also careful to avoid confusing such “financial primitive accumulation” with primitive accumulation proper. Marx (*ibid.*, 570–71) noted:

Conceptions that still had a certain meaning at a less developed state of capitalist production now become completely meaningless. Success and failure lead in both cases to the centralization of capitals and hence to expropriation on the most enormous scale. Expropriation now extends here from the immediate producers to the small and medium capitalists themselves. Expropriation is the starting-point of the capitalist mode of production, whose goal it is to carry it through to completion, and even in the last instance to expropriate all individuals.

No matter what his strategic reasons, Marx seems to have downplayed the role of primitive accumulation in order to focus on modern capitalist accumulation. Although he succeeded in that respect, this ahistoricity obscures our understanding of the early process of capitalist development.

Specifically, by relegating primitive accumulation to the precapitalistic past, we lose sight of the twofold time dimension of primitive accumulation. First, as we shall emphasize later, the separation of people from their traditional means of production occurred over time as capital gradually required additional workers to join the labor force. Second, the process of primitive accumulation was a matter of degree. All-out primitive accumulation would not be in the best interests of capital. Instead, capital would manipulate the extent to which workers relied on self-provisioning in order to maximize its advantage.

The Theoretical Context of Primitive Accumulation

Marx’s presentation of primitive accumulation had the unfortunate consequence of divorcing the process from political economy. Peter Cressey and John MacInnes (1980, 18) made a similar point, noting:

Marx argues that primitive accumulation was a process irreducible to the categories of political economy and explicable only in terms of struggle and ultimately force. At first sight it appears that historical analysis of primitive accumulation explains the initial “formal” subordination of labour, in that the workplace capitalist simply appropriates (formally) a production process bequeathed by pre-capitalist society. [Ultimately, the] . . . concept of the formal subordination of labour, like Smith’s concept of previous accumulation, is not derived from history but from political economy.

Etienne Balibar's analysis of Marx's use of the term *proletariat* reinforces our case for looking at the concept of primitive accumulation more closely. Balibar noted that Marx's *Capital* rarely mentions the proletariat, but generally refers to the working class. In the first edition of the first volume, the term only appears in the dedication to Wilhelm Wolff and the two final sections on "The General Law of Capitalist Accumulation," which concerned the law of population and the process of primitive accumulation.

On only one occasion do the proletariat and the capitalist confront each other directly in *Capital*. Balibar (1988, 19–20) concluded, "These passages have in common their insistence upon the *insecurity* characteristic of the proletariat condition." On a more general level, Balibar claimed that Marx's use of the term *proletariat* seemed to be intended to infer that the condition of the working class was unstable, that it perpetuated the violence associated with the transition to capitalism, and that the situation is historically untenable (*ibid.*).

Following Balibar, we might interpret the notion of the proletariat as an abstract concept to describe the situation of people displaced from their traditional livelihoods by primitive accumulation. The concept of the proletariat abstracts from any of the specific conditions that affected these people, with the exception of their lack of control over the means of production, which sets the stage for the introduction of capitalist forces.

Both Balibar's reading of the use of the word *proletariat* and my own understanding of Marx's treatment of primitive accumulation suggest that Marx obscured the phenomena of primitive accumulation in order to focus attention on the working of markets. By relegating the relevance of primitive accumulation to the historical process of proletarianization, we ignore the centrality of the ongoing process of primitive accumulation in shaping the conditions of the working class.

I am convinced that we can benefit from a closer look at primitive accumulation, without losing sight of Marx's invaluable analysis of market forces. In the process of investigating this subject, I will attempt to reintegrate primitive accumulation into the structure of political economy, especially classical political economy.

Acknowledging the Scope of Primitive Accumulation

In reality, primitive accumulation did not suddenly occur just before the transition to European capitalism. Nor was it confined to the countryside of western Europe. Primitive accumulation may be seen as occurring even well before the age of capitalism.

For example, land was already scarce for the majority of people during the Middle Ages. According to M. M. Postan (1966, 622–23):

about one-half of the peasant population had holdings insufficient to maintain their families at the bare minimum of subsistence. This meant that in order to subsist the average smallholder had to supplement his income in other ways. . . . [I]ndustrial and trading activities might sustain entire villages of smallholders. . . . Most of the opportunities for employment must, however, have lain in agriculture. . . . [I]n almost all the villages some villagers worked for others.

Other factors reinforced the pressure of land scarcity. For example, the twelfth-century Danes levied tribute from the British. This extortion was not primitive accumulation, since it was not intended to coerce workers into the labor market and foster market relations. However, it did impel Britain to monetize its economy in a way that bore some resemblance to primitive accumulation (Sohn-Rethel 1978, 107). Similarly, medieval usury, often simply dismissed as a parasitic intrusion into the economy, prodded the economy to advance (Marx 1967, 3:596–97).

The process of primitive accumulation does not merely extend backward before the epoch of classical political economy. It lasted well into more modern times. In England, as well as in the other countries of advanced capitalism, the conversion of small-scale farmers into proletarians continued throughout the nineteenth century and into the twentieth. This transformation involved more than the “silent compulsion” of market forces. In the case of the destruction of small-scale farming in the United States, the federal government was central in developing the transportation and research systems that tipped the balance in favor of large-scale agriculture (see Perelman 1977; 1991b).

The continuity of primitive accumulation stands in stark contrast to its usual image as the one-time destruction of the peasant economy, the immediate effect of which was to create a society with capitalists on the one side and workers on the other. This perception is understandable, but misleading. Indeed, on the eve of capitalism, the majority of people were peasants or at least had some connection to farming.

Moreover, primitive accumulation was not limited to agriculture. It extended across many, if not all, sectors of the economy (Berg 1986, 70). It took place in the city as well as the countryside. After all, urban people still provide for themselves directly in a multitude of ways other than the growing of food. Depriving people of these means of provision forces a greater dependence on the market just as surely as restricting their access to the means of food production.

Take a relatively modern example. Packing people into crowded urban quarters left little space for doing laundry. As a result, people become dependent on commercial laundries. After World War II, the ability of the typical U.S. family to produce for its own needs continued to diminish, despite the widespread availability of household appliances, such as washing machines, that should have made many types of self-provisioning easier. Likewise, Paul Sweezy (1980, 13) interprets Japan's huge entertainment sector as a partial result of people being forced to live in such cramped quarters that they are unable to socialize in their homes.

The need to purchase such services compels people to sell more labor. We see the impact of this pressure reflected in the recent increase in the number of women in the labor force. Gabriel Kolko (1978, 267) calculates that the share of life years available for wage labor for the average adult has expanded from 39 percent in 1900 to 44.4 percent in 1970, despite rising education levels, better child labor laws, and a shorter workweek. Since that time, work has demanded a rapidly escalating share of the typical family's time. Juliet Schor (1991, 29) estimates that the average person worked 163 more hours in 1987 than in 1969.

This process can feed on itself. Because people have to earn more wages to compensate for the increased difficulty of providing for certain of their own needs, they have less time to do other sorts of work on their own, inducing families to transfer still more labor from the household to the commercial sector. Child care centers are an obvious outcome of this process. In addition, the fast-food industry is predicated on the difficulty of working a job and performing a multitude of other household chores in the same day.

The foregoing discussion suggests that wage labor and nonwage labor are, indeed, inextricably linked. The analysis of one category necessitates consideration of the other. As we shall see later, the concept of the social division of labor enhances our understanding of this mutual interplay of wage and nonwage labor. For now, we need only keep in mind our modern-day examples of goods and services that were once produced within the household, which became commodities sold by commercial firms.

This new arrangement is related, at least in part, to the pattern of ownership of the means of creating these goods and services in the household. Formally, the lack of ownership of a workspace for doing laundry is no different from the lack of ownership of the parcel of land on which a household once grew its own food. In either case, the denial of ownership to a particular means of production creates a change in the mix of wage and nonwage labor.

Ignoring Balibar's warning about the careless use of the word proletariat, we could interpret this restructuring of the life of a modern household as a contemporary variant of the process of primitive accumulation, whereby the mass of people working for wages has increased. In this sense, the concept of primitive accumulation is closely bound up with that of the social division of labor.

Classical Political Economy and Primitive Accumulation

Even though Marx muted his analysis of the continuing nature of primitive accumulation, he was abundantly clear that primitive accumulation resulted in momentous changes in social relations that were central to creation of the capitalist system (see Dobb 1963, 267). Marx's lesson was lost on most later economists. They were content to treat the Industrial Revolution as if it were merely the introduction of superior methods of production. In contrast, the classical political economists saw primitive accumulation as a means of radically reordering the social division of labor, which they recognized as a precondition of the creation of a proletariat. Along this line, Marx (1977, 764), in writing about primitive accumulation, proposed the formula: "Accumulation of capital is . . . multiplication of the proletariat."

We shall see that we can express the classical theory of primitive accumulation as a model that resembles a crude proto-Marxian model stripped of the dialectic. In analyzing this model, keep in mind that Marx began by taking the categories of classical political economy as he found them (see Perelman 1987, chap. 4). By investigating them more fully, he was able to invest the typically static, undialectical categories of classical political economy with a dynamic, dialectical quality.

We will try to follow the same tradition in our study of the classical theory of primitive accumulation. The classical political economists make this task considerably easier. Compared to their analysis of the categories of profits or wages, they adopted a far more dynamic, almost dialectical approach to their analysis of primitive accumulation. Carrying out such an analysis of the classical theory of primitive accumulation has a twofold importance: it reveals a side of classical political economy that previously has gone unnoticed; and it reminds us that primitive accumulation is an ongoing process.

Even modern commentaries on primitive accumulation do not do the topic full justice. Like Marx, most contemporary references relegate the concept to a distant past, except perhaps in the case of the proletarianization that the less-developed countries of Africa, Asia, and Latin America

are experiencing. Consequently, the separation of workers from their means of production is implicitly assumed to be a static, once-and-for-all event.

Since the classical political economists grounded their discussions of primitive accumulation in a dynamic framework, scrutiny of the classics has more to offer than more modern commentaries on the subject of primitive accumulation. To some extent, the deficiencies of these commentaries may be understandable. Marx himself often wrote about primitive accumulation with an air of finality and possibly even with a touch of Smithian mythology. For example, the first mention of the concept of primitive accumulation in *Capital* appears in chapter 23, "Simple Reproduction" (Marx 1977, 714). At this point, Marx had to address the question: How does the system come to be structured into capital and labor? He responded: "From our present standpoint it therefore seems likely that the capitalist, once upon a time, became possessed of money by some form of primitive accumulation" (Marx 1977, 714).

Marx's uncharacteristic "once upon a time," which sounded as unreal as Smith's mythical history, was obviously provisional. The words "from our present viewpoint" also suggest that a more thorough analysis would be forthcoming. For reasons already discussed, Marx never provided that thoroughgoing critique. Instead, we find only history.

Yet primitive accumulation remains a key concept for understanding capitalism—and not just the particular phase of capitalism associated with the transition from feudalism, but capitalism proper. Primitive accumulation is a process that continues to this day. Thus, we must carry the history of primitive accumulation through the epoch of classical political economy by connecting this concept with Marx's notion of the social division of labor.