

SUGGESTIONS AND DEBATES

On Capitalism and Agrestic Unfreedom*

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The proposition is not new that the freedom of labour is not a necessary accompaniment of the growth of capitalist production; and that conditions of non-market duress upon labour ranging from outright slavery to indenture and restrictions on mobility have been a typical feature of the world-wide growth of capitalism. Indeed the very title of Eric Williams' seminal book *Capitalism and Slavery*,¹ which explored the interlinkages between the rise of capitalist manufacturing industry in Britain and the exploitation of the slave labour-based plantation system of the West Indies, exemplified this understanding. Ernest Mandel in his *Marxist Economic Theory*² which in fact dealt as much with historical description as with theory, also analysed the role of duress in the operation of the colonial system, as did P.A. Baran in his *Political Economy of Growth*.³ To the present author who shares Williams's perception, in particular that the colonial system and the later working of imperialism were crucially dependent on the imposition of unfree conditions upon Third World labour (particularly wherever labour migration was induced), Tom Brass's general emphasis on the lack of correspondence between capitalism and freedom of labour seems quite unexceptionable.

The point at which the major theoretical difference can arise, however, is the failure on Brass's part to link explicitly the fact of the operation of the processes of non-market duress upon labour, with colonialism and imperialism. Brass seems to put forward the association between growth of capitalist relations and the growth of non-market duress on labour as a universal and general phenomenon, making no distinction between the historical processes at work in today's advanced countries and in today's ex-colonial developing countries. Certainly in his paper as it stands no explicit distinctions are made. If this is the case, that no theoretical differences are perceived in the trajectory of capitalism and

* This article is in reply to Tom Brass, "Some Observations on Unfree Labour, Capitalist Restructuring, and Deproletarianization", *International Review of Social History*, 39 (1994), pp. 255-275.

¹ E. Williams, *Capitalism and Slavery* (New York, 1944).

² E. Mandel, *Marxist Economic Theory* (London, 1968).

³ P.A. Baran, *The Political Economy of Growth* (New Delhi, 1968, Indian ed.).

hence of labour relations in the two cases, then indeed one has a basic point of difference with Brass's perception.

The Marxist understanding as exemplified in the relevant writings of Lenin and of Luxemburg, in so far as the present author has herself been able to comprehend it, as well as subsequent intensive Indian debate, does rely on a distinction between the trajectory followed by labour relations in the process of capitalist industrialization in Europe, and that followed by those relations in the backward and Third World countries which were enmeshed in that exploitative network of world trade whose inception lay in the commercial and colonial expansion of the European nations from the sixteenth century onwards. In brief, the difference lies in the fact that in Europe the growth of capitalist production was accomplished on the basis of an autonomous process of the breakdown of feudal bondage. Its necessary precondition, as well as continuing condition, was a separation of the small independent producer from the means of production and the removal of all feudal barriers to the mobility of the propertyless labour force so created. Duress working through the impersonal agency of the market upon the propertyless thus replaced the directly coercive relations between lord and serf. In the case of the Third World countries, however, even where autonomous processes of the growth of capitalist relations might have got under way, they had not gone far enough to change decisively these countries' internal social formations before they were overwhelmed by European colonization. Thereafter all possibilities of autonomous development ceased and what followed was a pattern of development which was induced in the light of the interests and requirements of the colonizing Western powers. The entire set of macro-economic relationships change when growth is induced under imperialist domination, compared to the autonomous path; and labour relations cannot be analysed in isolation from these specific trajectories. Here a distinction is always drawn, and it is sensible to do so, between those "colonies" in temperate regions which technically started as colonies or dependencies but very soon acquired political autonomy because they were regions settled exclusively or substantially by the migrating Europeans themselves, and represented Europe's open economic frontiers, such as North America, South Africa, Australia and New Zealand, Argentina, and to some extent also Brazil; and the qualitatively quite different case of the Third World colonies in tropical regions. Many of the latter were already densely settled, had a long history of agricultural surplus-based civilizations, and were never favoured for large-scale European settlement but only for surplus extraction via an import surplus of tropical goods financed by taxing the colonial producers themselves. By Third World colonies we will refer exclusively to the latter category of countries, which today constitute the low income developing countries.

The fact of their exploitative integration through trade and transfer into a developing international capitalist system, did not imply that the social formations at a national level in these Third World colonized countries necessarily became "capitalist" in the same sense that autonomous development had instituted capitalist production relations in the Western European countries. In the literature, unfortunately, there has been a frequent confusion of levels – the level of the world capitalist system and the level of changing national social formations where each of the latter usually embody more than one production mode. These two levels have been often illegitimately collapsed together; related to this, there has also been a widely prevalent interpretation under which the very fact of being obliged to export goods and labour to the metropolitan empire is regarded as qualifying a colony to be considered as already "capitalist" in character. The most consistent advocates of this interpretation have been A. Gunder Frank and I. Wallerstein; an early theoretical critique emanating from Bharadwaj and Patnaik is available in the volume edited by P. Patnaik in 1986.⁴

The clearest statement of Frank's position probably is in "The Myth of Feudalism in Brazilian Agriculture" in which he states that "Whatever the type of personal relations in a feudal system, the crucial thing about it for our purposes is that it is a closed system or only weakly linked So the world beyond [. . .] no part of Brazil, certainly no populous part, forms a closed or even historically isolated system. None of it can therefore, in the most essential respect be feudal".⁵ Frank has been forthright in his condemnation of what he considers to be the "revisionist" theoretical position of the Brazilian communists adhering to the "feudalism" thesis. Although he describes the Frankian position as "revisionist", Tom Brass appears in a sense to come close to the dialectical counterpart of that position. Starting from a different tack, of a theoretically implicit, generalized and non-discriminate association of capitalism with unfreedom, Tom Brass articulates a very similar position despite criticizing the Frank-type "revisionism", when he says that in support of his own view,

it will be necessary to confront two interrelated revisionist interpretations of unfree production relations [. . .] faced with the coexistence of unfreedom and capitalist production, and yet unable to theorize the connection between them, one particular variant of marxism (the semi-feudal thesis) is in some senses a mirror image of revisionism. The latter accepts the presence of capitalism and accordingly redefines unfree relations of production as a form of free wage labour; the former, by contrast, accepts the presence of unfreedom, but redefines the mode of production itself as feudal or semi-feudal.

⁴ P. Patnaik (ed.), *Lenin and Imperialism* (New Delhi, 1986).

⁵ A.G. Frank, *Capitalism and Underdevelopment in Latin America* (London, 1971), p. 268.

It seems to us, however, that Brass's depiction of the semi-feudal thesis for the Third World as a form of "revisionism", arises very largely from his own lack of theoretical distinction between the trajectory of formation of labour relations within the metropolises on the one hand and in the colonies and semi-colonies, on the other. In a sense therefore I see Brass's own position as "a mirror image" of that of Frank: the latter redefines all labour relations in colonies whether under the *encomienda* of Brazil or *zamindari* in India, as capitalist, because colonies and dependencies by the very fact of being linked with metropolises through trade in goods and labour are, for him, "capitalist". Tom Brass too appears to concur with Frank in denying the validity of any characterization other than "capitalism" for the colonized Third World; but reconciles the pervasive lack of freedom in labour relations instituted by capital in the Third World, by considering unfreedom to be a general characteristic of capitalism in the metropolises and colonies alike. (Brass's depiction also carries a certain logical implication, that both Lenin and Luxemburg's understanding was "revisionist" too.)

We will discuss the relevance of Lenin and Luxemburg for this question a little later. Our own perspective is that in the historical development of labour relations in the era of capitalism, there has been a dialectic in operation between freedom and lack of freedom, which has been located mainly in the emerging distinction between the developing, industrializing nations and their colonies. This dialectic was but complementary to certain basic related processes. The development and triumph of "the market" and of *laissez-faire* in the successfully industrializing West was predicated on its dialectical opposite, the maximum possible intervention of the state through military and mercantilist policies *vis-à-vis* the rest of the world. The growth of labour relations freed of pre-capitalist forms of bondage within the domestic terrain was predicated on the imposition of unfreedom by capital in its external terrain of operations.

In order to explain our perspective, let us try to see what is entailed in recognizing a distinction between the trajectory of formation of labour relations in the two cases. Without entering into the vexed question of how best the results of the distorted and dependent growth of the colonies and semi-colonies can be described – this is a question which has generated much debate, including the red herring of the "colonial mode of production" – we may simply note one specific implication. This was that pauperization rather than proletarianization of workers was a characteristic feature of the fact of exploitative integration into world trade and transfer. Let us consider first what we generally mean when we talk of "proletarianization" in the case of the European autonomous transition to capitalism.

In Europe the disintegration of feudal economy from the fourteenth century does seem to have been accompanied by the growing relative

freedom of the direct manual workers, in the sense of freedom from the earlier specifically feudal personalized coercive relations, from the restrictions on mobility, and restrictions on the specialization of occupation entailed in the medieval guild system. Whenever we use a term like "freedom" which has such a dense yet vaguely understood content and at the same time carries a strong emotive value, it is necessary to define "freedom from what?". Clearly no one is talking about some absolute notion of "freedom" even supposing that such a notion could be conceptualized at all. We are talking about a contingent and hence very limited notion of "freedom" which need not be invested with any powerful absolute value. The worker who was free from feudal restrictions no doubt was eventually in thrall to the whimsies of the "market"; and there were many who regretted the passing of the old lack of freedom, when they saw what the new freedom could mean in suffering, within the first capitalistically developing countries themselves. In a feudal system, as in all pre-capitalist systems generally, those at the top of the traditional hierarchy who lived by exploiting those at the bottom also had a traditional obligation to protect and maintain the viability of their way of life; and all without exception within such a system subscribed to the world-view that every creature, however mean, had his or her allotted place, and a customary right to continue to occupy that place. That is why Thomas More (in volume 1 of *Utopia*) was so shocked at that early manifestation of the individual profit motive in England, when the newly-greedy landed gentry started throwing out their customary tenants who had occupied the land for generations, and replaced them with sheep. The action which to most economic historians today seems but a rational outcome of rational calculation – wool price had risen relative to corn price, so what more "natural" than to replace corn-producing men and women by wool-producing sheep – appeared an unethical aberration to those still imbued with many pre-capitalist values. These values embodied a lack of "freedom" of the later capitalist type; a lack of "freedom" which operated to constrain not only the direct producer and his mobility, but also to constrain the landlord and his right to evict customary tenants and labourers.

Incidentally, in this connection it seems to me to be something of an oversimplification to say as Tom Brass does, that "Historically, strongly differentiated pre-capitalist formations in Asia and Latin America have contained landless labourers 'available' for recruitment by capitalism". I lack a sufficiently detailed knowledge of Latin American labour relations, but certainly in South India the landless outcaste labour employed in the eighteenth and nineteenth centuries by the jenmi and mirasdar were as much in close personal agrestic bondage as were the tenth-century landless mancipia to the European feudal lord; and they were no more "available" for recruitment by capital than were petty producers with means of production of their own. Such labourers needed to be

“freed” from this type of agrestic bondage to be made available for recruitment by capital; this was the underlying rationale of the 1843 Act abolishing “slavery” in India, as Dingwaney has argued.⁶

Of course, it goes without saying that the early history of the formation of the class of hired workers within today’s advanced countries was marked by non-market duress and outright violence. Some of the most intense passages ever written in a theoretical treatise are those in Marx’s *Capital* (vol. 1) in which he describes the merciless floggings, brandings and beatings meted out to the victims of the early enclosures and other dispossessed vagrants. There were whipping posts set up every two furlongs or so in the major English towns, and branding vagrants with red-hot irons was common. Was this barbarism not a necessary condition for the formation of a labour-force for capital? Perhaps part of the “lack” and the “shortcoming” of today’s backward economies with ancient civilizations, like India and China, consisted in their diametrically opposite attitude to vagrancy and begging, which was even given a positive value when it arose from renunciation rather than necessity, and considered to be productive of virtue both for those who lived by alms and those who gave alms.

Despite the violence and barbarism which marked the prehistory of capital within today’s advanced countries, however, the consensus among Marxists has been that the eventual sway of the laws of exchange value, the depersonalizing of the relation between the direct worker and the surplus-appropriator and its mediation through the market, was a positive development. Keynes also shared this view: the sufferings imposed by the drastic fall in real wages entailed in the price revolution of the sixteenth century was justified by Keynes, who regarded it as an example of an early profit-inflation, in terms of the fact that it aided the formation of a capitalist class and the accumulation of capital.⁷

This evaluation, however, is crucially conditioned, we would argue, although this is seldom if ever explicitly admitted, by the specific historical fact that the European countries concerned from the sixteenth century were expanding economies; moreover they were fast expanding internally, very substantially as a consequence of their rapid overseas expansion. If in an alternative scenario, people were dispossessed from their means of production and afterwards most of them continued to remain beggars and vagrants because there were neither new kinds of alternative employment nor any place of new opportunity for some of them to migrate to, then these people never would constitute a “proletariat” and there would be nothing historically “progressive” about their

⁶ U. Patnaik and M. Dingwaney, *Chains of Servitude: Bondage and Slavery in India* (Madras, 1985).

⁷ J.M. Keynes, *Treatise on Money*. Vol. 2, *The Applied Theory of Money* (in *Collected Works*, vol. 6) (Cambridge and London, 1971).

being dispossessed in the first place. The total national macro-economic context, as well as the international context within which dispossession from the means of production takes place, determines whether it remains at the level of mere dispossession and pauperization, or whether it represents proletarianization which eventually, in the long run, integrates the erstwhile dispossessed as wage-paid workers into an expanding new capitalist social formation.

The remarkable overseas expansion of the European peoples all over the temperate habitable areas of this earth and their seizing of the land and natural resources of the vast areas they occupied in the two Americas, in the temperate zones of the African land-mass and in Australia, is the most striking feature of world economic history since the sixteenth century. This feature serves to make the European experience of the development of their national economies along the path of capitalist industrialization unique in relation to all previous developments: and this unique path guaranteed its own uniqueness in relation to the future development of other countries, by simultaneously closing the same option to the non-European peoples, by the completeness of its appropriation of the earth. (North America was Europe's open economic frontier, settled by emigrating Europeans; for this discussion therefore "Europe" includes this region.) Many European Marxists, no less than conservative historians, have failed to overcome theoretically the Eurocentrism of their thought and have complacently rationalized the European domination of the earth in terms of the "inevitably progressive" role that capitalism allegedly played, neatly bypassing the question – progressive for whom?

The main point to note for our purpose at present is that the classical path of autonomous growth of capitalist relations in Europe, its association with the growing freedom of domestic labour from extra-economic coercion, all took place within this unique context of rapidly expanding external economic frontiers. There is no way of theoretically disentangling, as it were, the processes of greater freedom and political representation won by the workers under capitalism within the metropolises, from the unprecedented context of external expansionism over a long period of the major foci of capitalist industrialization.

The implicit position taken by most European historians – for the question is seldom explicitly discussed – seems to be that this was a mere happenstance; that the growth of representative parliamentary democracy, for example, has nothing to do with the international context within which it developed. (We might as an example take Barrington Moore's *Social Origins of Dictatorship and Democracy*,⁸ that impressive and magisterial comparative study of development experiences which nevertheless we find theoretically so unsatisfactory because it has nothing

⁸ B. Moore, *Social Origins of Dictatorship and Democracy* (London, 1967).

to say on the political implications of colonialism and imperialism on advanced economies.) The gains of the metropolitan working class are seen as the result of internal class struggle alone and the international context is ignored. We cannot share this view. We see the concessions made by capital to labour expressed in the growing relative freedom of labour and its winning of political representation in the advanced countries, as necessarily connected with the imposition by capital of lack of freedom on colonized peoples. In short, in a sense we would share Tom Brass's overall position, that capitalism has historically thrived on the imposition of unfree conditions on workers; but we would qualify and amplify this proposition in a direction with which Brass might not agree, namely that historically capitalism has been able, almost always though not invariably, to shift the main burden of unfreedom outside the national boundaries of the metropolises and on to the then subjugated peoples of today's Third World, and to permit thereby, however reluctantly, a degree of relative empowerment of their domestic working class. (The exception has been that during periods of acute capitalist crisis, domestic ethnic or cultural minorities have been targeted and conditions of unfreedom imposed on them as well.)

That is why it makes sense not to conflate and collapse together the characteristics and processes in the metropolises as opposed to the colonies, for they form the two poles of an antagonistic unity. The triumph of the market and its equalizing, democratizing function was accomplished in the metropolises on the basis of its antithesis, of a diametrically opposite process, namely the systematic use of state power by the same metropolitan countries, to ensure that external markets, sources of raw materials, and unfettered labour mobility were secured. One might say that the operation of the invisible hand of the market has been historically conditional upon the very visible exercise of state power, and this continues to be the case today.

This has been the primary reason for the political stability of the capitalist system in the leading metropolises, its ability to contain and blunt domestic class struggle and achieve the semblance of a working social contract. We have only to look at the history in this century of the late industrializers in Europe such as Germany, Italy and Spain, which had poorer access to external safety valves compared to the Netherlands, Britain or France, to realize the fragility of workers' political freedom under capitalism even in the metropolises, and the ease with which fascism could undermine past political gains. (A theoretical analysis which links capitalist economic and political stability to the exploitation of the Third World is attempted in a book by P. Patnaik entitled *Accumulation and Stability under Capitalism*.⁹) The dialectical relationship between growing freedom at one pole secured on the basis of

⁹ P. Patnaik, *Accumulation and Stability under Capitalism* (Oxford, forthcoming).

imposing unfreedom at the other is not a phenomenon which should surprise us. The whole of the development of class societies has proceeded on the basis of the dialectical relation between freedom and unfreedom, and capitalism has simply generalized this dialectic to a world scale, introducing in the process the element of racialism both of the direct and the reactive, reverse varieties.

All this is not to deny at all the extremely high rates of capitalist exploitation that labour in metropolitan countries had to face during early industrialization. The phase of extensive growth of industry by relying on long hours of work extracted from women and children in particular, and the horrors of sweated labour in both manufacturing and service industries have been well documented. Even this, however, created the conditions for its own undermining. One important result of high rates of exploitation and a low share of wages in GDP in this phase was that large investible funds were available in excess of what could be profitably absorbed by the domestic market. It was British capital which flowed to the regions of temperate European settlement throughout the long eighteenth century and continued to flow there during the nineteenth-century railway boom and after, creating the conditions for the migration of European labour to better opportunities. (Incidentally not everyone realizes that it is still Britain and not Japan which continues to be the largest outside holder of assets in the USA today, and that the latter country still has perhaps one of the lowest savings rates in the world at less than 5 per cent of national income.)

In proportion as domestic labour in the metropolises became more free in the capitalist sense, acquired a higher social value and successfully struggled for democratic political rights, it would appear that in the same proportion colonized labour was subjugated, enslaved, indentured, uprooted and transported thousands of miles away to serve the interests of globalized European capital. A system of global apartheid emerged, defined along not only the international wage labour-capital dichotomy but also along racial/cultural lines. The historical legacy of this persists in obvious ways today in the dismal statistics of the poverty, crime and drug-addiction among Afro-Americans in North America and Latin America alike. (The Asians who were transported as indentured labour, however, seem to have fared somewhat better.) The same rapid expansion of economic frontiers which created the conditions for the greater freedom of labour within European domestic economies was associated with an historically unprecedented assault on the freedom of the direct producers in the non-European economies. In Asia, the European example was partially replicated only by Japan, which launched a successful colonization and after defeating Russia was admitted to the exclusive club of European imperialists; they became the honorary Europeans imbued with a racialist ideology *vis-à-vis* the Asians of the mainland. However, the pre-war imperialist growth phase in Japan was far too

short, nor was permanent migration on a large scale possible; there was no domestic democratization.

There are several ways in which expanding external economic frontiers provided an environment relatively conducive to the long-run success of the struggle for freedom, rising living standards and democratic rights of domestic manual labour in the European countries. First, the availability of the alternative of migration to temperate lands of expanding new opportunity meant that the size of the domestic reserve army of labour was constantly moderated, and the relative bargaining strength of the employed working class was better than would have been the case in an economy without similar access to open economic frontiers. The extent of overseas migration from Britain especially was unparalleled: not surprisingly since Britain's empire alone excluding India was four times the size of the metropolitan territory, and the bulk of the settler population in North America, Australia and a substantial fraction of the population of South Africa was contributed by the out-migration from Britain and Ireland. In an interesting little piece on "Population, Crime and Pauperism" published in the *New York Daily Tribune* in September 1859,¹⁰ Marx himself gave tables of statistics from an official Blue Book presented to the British Parliament on, among other things, the out-migration from the UK during the period 1844 to 1858. During the years of highest emigration, as much as 1.8 per cent of the population left the country annually, and over the entire period annual emigration was 1.1 per cent of the population. The government encouraged emigration as the increasing capital-intensity of techniques displaced labour; and the English labouring poor had their passages paid. These rates, if representative of emigration over the entire nineteenth century, would be even higher in terms of working population, and are in absolute terms extremely high rates which are unthinkable for developing countries today, facing stiff entry barriers to advanced countries. (If 17 million Indians could emigrate every year today and this lasted over a century, the effects on the Indian economy can be imagined.) Incidentally the "paupers" referred to in these sources quoted by Marx were officially and legally defined as such, were state-managed elements of the reserve army, compulsorily set to work in workhouses under the New Poor Law; and they bore no resemblance whatsoever to those who were genuinely pauperized in colonized countries by cheap imports displacing them from traditional occupations, for example, and who slowly starved to death.

Second, the availability of colonial transfers from the Third World meant that in the metropolis the domestic rate of savings required to sustain a high rate of growth was much lower than would have been

¹⁰ K. Marx, "Population, Crime and Pauperism", in *Collected Works of Marx and Engels*, vol. 16 (Moscow, 1980) (originally pub. in *New York Daily Tribune*, September 1859).

the case otherwise and a much larger fraction of GDP could and was spent on consumption. S. Habib¹¹ and the present author have estimated that the transfer from Asia and the West Indies measured by the import surplus of goods into Britain (which was not paid for to the producers in either goods, bullion or foreign exchange but was the commodity-equivalent of taxes), ranged from as high as 70 to 86 per cent of British capital formation out of domestic savings during 1770 to 1801, the crucial period of industrial revolution. Despite the very high degree of inequality in the distribution of incomes, Britain's own domestic savings were only around 5 to 7 per cent of national income during 1770 to 1801 and rose to low double-digit figures of 11 to 12 per cent only as late as the 1820s.¹² This meant a corresponding easing of the pressure on domestic labour through a higher internal consumption multiplier generating employment and incomes: real levels of consumption of workers could rise faster than would have been the case otherwise, and large exports of capital from the 1850s could take place without balance of payments problems because the transfer helped to finance them. Further, the physical composition of the consumption basket of workers and gentry alike was transformed as a result of access to tropical goods embodied in the colonial transfer. In comparison developing countries like India in a comparable stage of early industrialization today save 25 per cent of their national income and still struggle with balance of payments problems.

We have no doubt whatsoever that our argument is correct; but it is not likely to be looked upon very favourably by economic historians, certainly not by those adhering to the conservative school, and probably not even by many of those influenced by the Marxist discourse, particularly those who adhere to the published text rather than the spirit of Marx's writings. The marked lack of enthusiasm displayed by most Marxist historians of Europe when it comes to looking rigorously at the metropolis-colony relation, arises mainly, in my opinion, from the fact that it requires theorizing and there are no simple guidelines. The formal model of a metropolitan capitalist system, which Marx developed in *Capital*, is of a closed capitalist system. Hence the theoretical propositions discussed there relate exclusively to a closed economy and there is no formal integration into the model of questions relating to colonial trade, transfer or of migration of labour. Of course, Marx wrote extensively in his pieces for the *New York Daily Tribune*, on colonial exploitation and transfer, and several times on emigration as well. But these were journalistic pieces – with brilliant insights as one might expect,

¹¹ S. Habib, "Colonial Exploitation and Capital Formation in England in the Early Stages of Industrial Revolution", *Proceedings of the Indian Historical Congress*, Aligarh 1975, Section 4.

¹² P. Deane and W.A. Cole, *British Economic Growth 1688–1959: Trends and Structure*, Dept of Applied Economics Monograph 8 (Cambridge, 1969).

but journalism nevertheless undertaken for a living, and he himself regarded them as such. The fact remains that he had no time to integrate trade and transfer into his formal, rigorously worked out model of accumulation in a capitalist economy. This certainly does not mean that Marx did not intend ever to open up his closed economy in order to integrate theoretically trade and transfer. It is abundantly clear from a reading of his work-plan and proposed sequence of books with their titles, that he did in fact intend to do so. In the very first sentence of the Preface to *A Contribution to the Critique of Political Economy*,¹³ he states that "I examine the system of bourgeois economy in the following order: capital, landed property, wage-labour; the State, foreign trade, world market." The second part of the project was never undertaken: illness and death intervened.

For economists today reading Marx, there should be little problem in understanding the method of abstraction and successive approximation to reality, which he followed and which caused such difficulty for Bohm-Bawerk; for his method is a very modern one which is today standard practice. This is to start with the simplest possible model of the closed capitalist economy under restrictive assumptions, and then to introduce more complex considerations one by one by relaxing the initial assumptions. (This is the reason, as many scholars have pointed out, for starting the analysis with the assumption of exchange on the basis of labour values in vol. 1 of *Capital* which is then modified to consider exchange on the basis of prices of production, which deviate from labour values, in vol. 3). There is no doubt that ultimately the assumption of a closed economy would also have been abandoned by Marx in order to consider trade, including the role of colonies, transfers and migration in modifying the tendencies operative in a closed economy.

Luxemburg's *Accumulation of Capital*¹⁴ is of such importance precisely because it attempted to fill the yawning theoretical gap in the analysis of real historical processes, which is inherent in the abstraction of industrialization within a closed capitalist system, with which Marx started. For the one thing that the industrializing economies of Europe were not, were closed economies. Luxemburg argued, convincingly, that capitalist accumulation was logically impossible within a closed capitalist system comprising workers and capitalists; and that access to and destruction of the social strata of petty producers external to this system was essential for the realization of surplus value which was the condition for continuous accumulation to take place at all. Once domestic petty production had been undermined and destroyed, capital expanded beyond national barriers through colonialism to subjugate the petty producers of the colonies, destroy the basis of their independent production, and

¹³ K. Marx, *A Contribution to the Critique of Political Economy* (London, 1971).

¹⁴ R. Luxemburg, *The Accumulation of Capital* (London, 1963).

mobilize a part of their labour force under conditions of duress for exploitation in plantation systems while using the rest as consumers of the products of metropolitan industry. As Luxemburg so cogently put it, after a detailed discussion of capital's struggle against peasant economy and natural economy, and the role of international loans, in India, Egypt and Turkey:

Thus capitalist accumulation as a whole, as an actual historical process, has two different aspects. One concerns the commodity market and the place where surplus value is produced – the factory, the mine, the agricultural estate. Regarded in this light, accumulation is a purely economic process, with its most important phase a transaction between the capitalist and wage labourer [. . .] It is confined to the exchange of equivalents and remains within the limits of commodity exchange [. . .] Here, in form at any rate, peace, property and equality prevail [. . .]

The other aspect of the accumulation of capital concerns the relations between capitalism and the non-capitalist modes of production [. . .] Force, fraud, oppression and looting are openly displayed without any attempt at concealment [. . .] Bourgeois liberal theory takes into account only the former aspect: the realm of peaceful competition, the marvels of technology and pure commodity exchange. It separates it strictly from the other aspect: the realm of capital's blustering violence which is regarded as more or less incidental to foreign policy and quite independent of the economic sphere of capital (p. 452).

It is unfortunate that Luxemburg formulated her theory as a logical critique of Marx, for the subsequent reaction among other leading Marxist theoreticians was conditioned by her own combative approach. Her inevitable polemic with Lenin then served to divert attention from the solid substance and correctness of her analysis. Had she the opportunity to study Marx's projected work-plan and appreciated better his method of abstraction, she might well have formulated her theory more strongly not as a mere critique, but as a logical extension and completion of Marx's own incomplete project, which is in our view the right characterization of her work. It should be noted that nowhere does Luxemburg assume that the subjugated colonized people were necessarily constituted as a "proletariat", merely because their independent production was destroyed, but referred frequently to the "ruined Indian peasant", for example.

In the light of the foregoing perspective, let us return to Brass's contention¹⁵ that the idea that "capitalism and unfreedom are incompatible" underlies the feudalism/semi-feudalism thesis for parts of Third World agriculture and that this "cannot account for the continued existence or indeed the expansion of unfreedom". This conclusion is the outcome of Brass's own specific theoretical presupposition that Third World economies' agrarian sectors were and are "capitalist"; given this

¹⁵ Brass, "Some Observations on Unfree Labour", p. 269.

baseless premise, it is he who has the theoretical problem of reconciling his “capitalism” with the prevalence of unfreedom. As a criticism his proposition loses substance in the light of the alternative perspective we have outlined. This recognizes that, firstly, production relations in Third World countries in the pre-colonial era were predominantly traditional pre-capitalist relations of various types; and that, secondly, the impact of colonization and of imperialist exploitation did not reproduce the colonies as clones of the metropolises, so there is no basis for an automatic Frankian characterization of their agrarian sector as “capitalist” without a specific investigation of the extent to which elements of capitalist production did develop. On the contrary, it is argued that the tax-financed exports from these regions pauperized their peasants; at best a dualism emerged with a plantation sector being established which in India at any rate employed less than 1 per cent of the rural labour force by 1951. (For a recent cogent analysis of how tax-financed exports meant deflation and retardation within colonial India, see Sen, 1992.¹⁶) Second, it recognizes that there was never any hesitation on the part of European capital to use coercion and “blustering violence” to mobilize Third World labour to serve its global interests, whether as slave labour transported from Africa under the early mercantilist system, or as various forms of indentured labour later transported from Asia.

There may well be problems with the “semi-feudalism” thesis: but these problems, for us, arise from quite different reasons than they do for Brass. This is not the place to enter into the problems we might have, since the brief is to discuss Brass’s own ideas. It seems to me that in criticizing the “semi-feudal” thesis in the way he does, Brass shows no awareness or appreciation of the extensive discussions on how capitalism actually develops under the specific conditions of backward agriculture in a country without expanding external frontiers, namely on the basis of the conservative path of continuing land concentration and by using bondage (cf. Lenin’s analysis of the two types of bourgeois agrarian development in *The Agrarian Programme of Social Democracy in the First Russian Revolution*).¹⁷

The term “semi-feudal capitalism” was in fact first used by Lenin; an example is his short piece on “The Land Question and the Rural Poor” (written in 1913), which embodies the analysis put forward at great length earlier in *The Agrarian Programme of Social Democracy* where he argued that the workers must support and work for the radical abolition of land monopoly:

There are various kinds of capitalism – the semi-feudal capitalism of the land-owners with its host of residual privileges, which is the most reactionary and

¹⁶ S. Sen, *Colonies and Empire* (New Delhi, 1992).

¹⁷ V.I. Lenin, *The Agrarian Programme of Social Democracy in the First Russian Revolution* (*Collected Works*, vol. 13) (Moscow, 1972).

causes the masses the greatest suffering; there is also the capitalism of the free farmers, which is the most democratic [. . .] What influence, for example, would the transfer of all the land to the peasants without compensation have on the development of capitalism in Russia? That would not be socialism. That would also be capitalism, but [. . .] (it) would proceed more rapidly, more freely and with less suffering for the masses.

Brass does not seem to find relevant this question of the tasks of a radical democratic "bourgeois" revolution, tasks which in the era after 1917 no Third World bourgeoisie ever has or ever is going to carry out, and which can only be carried out by movements under the leadership of workers. It is to stress the fact that the theoretical and practical tasks of the classic radical bourgeois revolutions are still very much on the agenda, that the semi-feudal characterization is appropriate.

Mao Zedong did not denote Chinese agriculture as semi-feudal because he was revisionist or believed in either populism or in neo-classical theory, but to express in a shorthand form the understanding that no matter how much labour may have got "commodified", and how much China might be obliged to trade, the main contradiction in China's rural areas remained that between the peasants and the gentry/landlords monopolizing land, and the main task remained the radical variant of the two-paths, namely the "radical bourgeois" task of seizure and distribution of this land to peasants. An Asian political movement guided by revolutionary Marxist theory thus set as its initial task, quite correctly, no more than the radical bourgeoisie had achieved during the French Revolution. (Bhaduri's 1973 academic paper¹⁸ which is mentioned by Brass in the context of criticizing the "semi-feudal" thesis, was, it is true, developed under the intellectual influence of the Maoist Naxalite movement in West Bengal from 1967, which movement drew a number of that author's student contemporaries into activism and some into giving up their lives in the repression that followed. But it is not the same as the concept of semi-feudalism in the Marxist discourse. The main problem with Bhaduri's paper and subsequent book¹⁹ for us lies in the fact that both are insufficiently Maoist or Marxist, for he ignores peasant differentiation arising from the unequal distribution of land and focuses only on unequal access to credit without explaining what determines the unequal access to credit in the first place. This eclecticism which is a most peculiar blend of Mao and Keynes, underlies the "semi-feudalism" of the Bhaduri academic model which is to be thus strictly distinguished from the concept of semi-feudalism in the Marxist discourse: both Maoist semi-feudalism, and Leninist "semi-feudal capitalism", which are explicitly and primarily linked to monopoly of land and other means of production.)

¹⁸ A. Bhaduri, "Agricultural Backwardness under Semi Feudalism", *The Economic Journal*, 83 (1973), pp. 120-137.

¹⁹ A. Bhaduri, *The Economic Structure of Backward Agriculture* (London, 1983).

Whether labour relations are characterized as capitalist or “semi-feudal” in Third World countries is thus not merely an abstract academic question which can be answered only on the basis of abstract theory; it is vitally linked to this day, to practical, programmatic policy and to historical experience. Wherever there have been live political organizations and movements of the workers and peasants guided by Marxist theory, the questions of “correct characterization” have come up again and again. We find further that where there is no involvement of academics with live questions of practical policy, the discussion has tended towards mere semantics and scholasticism. This is obviously bound to be true of Marxist theory more than any other because of the strong element of its representing a “philosophy of praxis”. To me part of the problem with Brass’s formulation (as indeed with the earlier one by Gunder Frank and the familiar charges of “revisionism”) is that it totally ignores the lessons of live political movements of the past and in the contemporary Third World. If unfreedom is taken to be inherent in “capitalist” production relations in general, as Brass argues, then the operative part of the formulation for a political movement still remains the basic characterization of “capitalist production”, and the logical implication for the immediate agrarian programme is that means of production must be socialized. The lack of realism of such a programmatic understanding is obvious to those who work in or have any knowledge of real movements in Third World countries: it would be a recipe for liquidation. There have been numerous instances in the history of Marxist praxis in this century, where factions adhering to the position that production relations are “capitalist” (regardless of whether there is bondedness and unfreedom or not) have in fact historically decimated themselves, ranging from Li Lisan in China to M.N. Roy in India. These considerations do matter to those third world academics who are strongly concerned about the “praxis” element of the philosophy of praxis. Socialism of the old type may have disintegrated in the Soviet Union and Eastern Europe: but more than 100 million people are today struggling to redefine the content of socialism in South Asia. For them the question of correct characterization is not an abstract one, but linked to what they are to struggle for in the first instance: for carrying out the radical bourgeois task of ending land monopoly and distributing land to small producers, or for direct socialization of the land.