



BRILL

Historical Materialism 21.4 (2013) 71–91

historical materialism
research in critical marxist theory

brill.com/hima

Capitalism, Laws of Motion and Social Relations of Production

Charles Post

Borough of Manhattan Community College-City University of New York
cpost@bmcc.cuny.edu

Abstract

Theory as History brings together twelve essays by Jarius Banaji addressing the nature of modes of production, the forms of historical capitalism and the varieties of pre-capitalist modes of production. Problematic formulations concerning the relationship of social-property relations and the laws of motion of different modes of production and his notion of merchant and slave-holding capitalism undermines Banaji's project of constructing a non-unilinear, non-Eurocentric Marxism.

Keywords

modes of production, social-property relations, origins of capitalism, historical capitalism, plantation slavery, merchant capitalism

Over the past four decades, Jarius Banaji has contributed to the revival of a non-dogmatic, anti-Stalinist Marxism. His theoretical and empirical research ranges over a breathtaking array of topics – the long and complex evolution of social relations of production in Europe from the fall of the Roman Empire to the consolidation of feudalism, the dynamics of rural social structures in South Asia over the past two centuries, value and crisis theory, and the development of labour organisation and struggle in transnational corporations.¹ Banaji has also made classical Marxist texts, including segments of Kautsky's *The Agrarian Question*² and Grossman's *The Law of Accumulation*,³ available to English-speaking audiences. In all of his work, Banaji consistently challenges

The author would like to thank Robert Brenner, Liam Campling, Vivek Chibber, David McNally, Teresa Stern and Ellen Meiksins-Wood for their comments and suggestions on an earlier version of this essay.

1. Banaji 2007; Banaji and Hensman 1990.
2. Banaji 1976.
3. Grossmann 1992.

‘the timid attachment to orthodoxies that continues to sap the astonishing energies unleashed by Marx’s own work’, through ‘a vigorous iconoclasm’⁴ that combines detailed historical and empirical research with heterodox historical-materialist theoretical insights.

The publication of *Theory as History: Essays on Modes of Production and Exploitation* as part of the *Historical Materialism* Book Series brings together a dozen of Banaji’s theoretical and historical articles written over the past thirty-five years. *Theory as History* focuses on three central themes – the relationship of relations of exploitation and laws of motion of different modes of production; the forms of historical capitalism; and the varieties of pre-capitalist modes of production.⁵ First, Banaji attempts to reconceptualise modes of production, rejecting the equation of relations of production with specific ‘forms of exploitation’. Instead, different modes of production are defined in terms of their distinct *laws of motion*: ‘Relations of production are simply not reducible to forms of exploitation, *both* because modes of production embrace a wider range of relationships than those in the immediate process of production *and* because the deployment of labour, the organisation and control of the labour-process “correlates” with historical relations of production in complex ways.’⁶ Second, Banaji seeks to enrich Marxism with analyses of the different forms of *historical capitalism*. Because the capitalist mode of production requires the dominance of the accumulation of capital, rather than free wage labour, capitalism can embrace a variety of forms of exploitation:

... the accumulation of capital, that is, *capitalist* relations of production, can be based on forms of exploitation that are typically *precapitalist*, then clearly there is not one ostensibly unique configuration of capital but a series of *distinct configurations*, forms of the accumulation process, implying other combinations. . . . [C]ommercial and moneylending capitalism . . . [are] configurations of capital which, like commercial capitalism in particular, comprised a *rich variety of forms* from the peculiar domination of small producers by merchants discussed by Marx in the *Grundrisse*, widespread not just in the European middle ages but throughout the Muslim world, to the large-scale Havana merchant-houses who controlled the smaller Cuban planters through *refacción* contracts and were themselves ‘intimately linked’ with US merchant-houses and British banking institutions, or the London financiers, West-India merchants . . . who underwrote the ‘expansion of sugar and slavery’ in the English-speaking West Indies and eventually took

4. Banaji 2010, pp. xvii–xviii.

5. I will address only the first two issues – the conceptual status of modes of production and the forms of historical capitalism – leaving the debates around the varieties of pre-capitalist modes of production to Haldon, who is much more qualified to comment on them.

6. Banaji 2010, p. 41.

over the management of plantations ‘formerly under the control of their business associates’ becoming large-scale planters by the 1780s.⁷

Together, the essays collected in *Theory as History* attempt to rid historical materialism of any residual elements of teleology and Eurocentrism, in order to ‘free up conceptual space for rethinking the history of capitalism as a much richer and more complex set of trajectories than the conventional stereotype of capitalist history as the history of the first capitalist nation.’⁸

Modes of production, relations of exploitation and laws of motion

The theoretical core of Banaji’s arguments is presented in his seminal 1977 essay ‘Modes of Production in a Materialist Conception of History’ (Chapter 2). In this contribution to the discussion of modes of production launched with Ernesto Laclau’s critique of Andre Gunder Frank⁹ and the debate on the origins of capitalism surrounding Wallerstein’s¹⁰ work, Banaji attempts to avoid the ‘forced abstractions’ of most Marxist discussions. Pointing to the existence of wage labour in pre-capitalist settings such as feudal England, he rejects Laclau’s (and Maurice Dobb’s)¹¹ *equation* of the capitalist mode of production with juridically free wage-labour as a particular *form of exploitation*. Instead, the *laws of motion of capital* – the ceaseless accumulation of capital – define the capitalist mode of production, which can embrace a variety of forms of exploitation: labour-tenancy, bound labour of various sorts, sharecropping and chattel-slavery:

Taken as a whole, across its various stages, the substance of Marx’s analysis lies in the definition of the laws of motion of capitalist production: the production and accumulation of surplus-value, the revolutionisation of the labour-process, the production of relative surplus-value on the basis of a capitalistically-constituted labour-process, the compulsion to increase the productivity of labour, etc. The ‘relations of capitalist production’ are the relations which express and realise these laws of motion at different levels of the social process of production. . . . As modes of production are only a definite totality of historical laws of motion, relations of production thus become a *function of the given mode of production*.

7. Banaji 2010, pp. 9–10.

8. Banaji 2010, p. 12.

9. Laclau 1971; Frank 1967.

10. Wallerstein 1974.

11. Dobb 1947.

The character of any definite type of production relations is, in short, impossible to determine until these laws of motion are themselves determined.¹²

Unlike Frank and Wallerstein, however, Banaji does not claim that the dynamics of capital accumulation drove the first Atlantic world-market that emerged in the sixteenth century. Such an analysis is based on ‘reading history backwards’, assuming a continuity between the early Atlantic world-market and the ‘international division of labour centered on the requirements of capital-reproduction on the basis of large-scale industrial enterprise’¹³ that emerges in the late nineteenth and early twentieth centuries. Instead, it was the laws of motion of *feudalism* – in particular the demands of lordly consumption – that led to European expansion and colonial settlement in the Americas and the construction of the Atlantic world-market:

the initial impulse which sustained the vast network of world commodity-exchanges before the eighteenth century derived from the expanding consumption-requirements of the lords... at its inception the colonisation of Latin America was a *feudal* colonisation, a response to the crisis of feudal profitability which all the landowning classes of Europe were facing down to the latter part of the sixteenth century. In the Baltic and Eastern Europe, this crisis was partly overcome by territorial expansion into contiguous areas, and then displaced by the production of grain for export; but, in the maritime periphery of Europe, in Spain and Portugal where this feudal crisis recurred with periodic sharpness, it expressed itself in a movement of *overseas-colonisation*.¹⁴

Forms of historical capitalism

Banaji’s reconceptualisation of the capitalist mode of production in terms of its laws of motion, rather than any specific relations of exploitation, allows him to investigate a variety of forms of historical capitalism. In the essay, ‘The Fictions of Free Labour: Contract, Coercion, and So-Called Unfree Labour’ (Chapter 5), Banaji effectively demolishes the liberal notion of ‘voluntary’ wage labour, and raises serious questions about associating wage labour – the capitalist’s purchase of a worker’s labour-power – with juridical freedom. Instead of dismissing all forms of juridically coerced labour as ‘pre-capitalist’, he argues that capitalism can and has existed in:

12. Banaji 2010, p. 60.

13. Banaji 2010, p. 65.

14. Banaji 2010, p. 93.

a *multiplicity* of forms of exploitation *based* on wage-labour. . . sharecropping, labour tenancy, and various forms of bonded labour, these specific individual forms of exploitation may just be ways in which paid labour is recruited, exploited and controlled by employers. The argument is not that *all* sharecroppers, labour-tenants, and bonded labourers are wage-workers, but that these 'forms' may reflect the subsumption of labour into capital in ways where the 'sale' of labour-power for wages is mediated and possibly disguised in more complex arrangements.¹⁵

In his detailed empirical study from 1977, 'Capitalist Domination and the Small Peasantry: The Deccan Districts in the Late Nineteenth Century' (Chapter 10), Banaji utilises these insights to analyse one region of the Indian countryside under British rule. Tracing the 'disintegration of the small peasant economy' of the Deccan under the impact of British imperial taxation and the subsequent 'cotton boom' of the mid-nineteenth century, he delineates the sharpening social differentiation among rural households under the impact of commodity expansion. At one end of the rural class structure were large peasant proprietors who specialised in cotton and other cash-crops, introduced new tools and methods, and accumulated the landholdings of their less competitive neighbours. At the other end were masses of poor peasants, whose plots were too small to provide adequate means of consumption and were forced to sell their labour-power to their better-off neighbours or in the growing cities of the Deccan region.

Between these capitalist farmers and wage labourers was a sizeable 'middle peasantry', who continued to own land, but lacked the funds to maintain work animals or acquire fertiliser and seeds and to feed themselves and their households. These peasant households were compelled to enter sharecropping and debt relations with local merchants and money lenders. Against those Marxists who argue that the sharecroppers' continued possession of land and self-directed labour-process made them peasants exploited through pre-capitalist rent and interest,¹⁶ Banaji argues that the sharecroppers were subject to the *formal* subsumption of labour to capital, and that interest and rent were forms of surplus value:

a monied capitalist (for example, a merchant, moneylender) may dominate the small producer on a *capitalist* basis, he may, in other words, extort surplus-value from him, without standing out as the 'immediate owner of the process of production'. In this case, his domination will be based on control of *only portions* of the means of subsistence and production of the small producers. For

15. Banaji 2010, p. 145. Banaji's rejection of the equation of wage labour with juridical freedom has inspired a recent contribution by Rakesh Bhandari (Bhandari 2008).

16. He cites Amit Bhaduri and Utsa Patnaik 'as the most sophisticated expressions of [these] positions' (Banaji 2010, p. 278, n. 2).

example, he may advance to him his raw materials or tools without exerting any special control over, or pressure on, the small enterprise. Clearly, such a system, a ‘preformal’ subordination of labour to capital, would tend to lead the vast majority of cases to the system of formal subordination – i.e., over time, the monied capitalist would gain control over the entire means of subsistence and production of this enterprise, so that the reproduction of its process of production from one cycle to the next would now come to depend entirely on the ‘advances’ he makes. This is the initial and rudimentary sense in which his *intervention* in the process of production would be established.¹⁷

Like artisan households in various forms of ‘proto-industrialization’,¹⁸ the Deccan middle peasantry retained effective possession of some objects and instruments of production (land), but came to rely on merchants and usurers (usually one person) initially for means of consumption (food, clothing, etc.) and certain material elements of the production process (work animals, seed, fertiliser). As a result, the household producers lost effective control over key aspects of their labour – choice of crops, tools and methods, etc. According to Banaji:

When the process of production of a small-peasant household depends from one cycle to the next on the advances of the usurers – when, without such ‘advances’, the process of production would come to a halt – then in this case the ‘usurer’, i.e., the monied capitalist, exerts a definite *command over* the process of production. This control or command is established and operates even when, in this case, the labour-process remains technologically primitive, manually operated, and continuous with earlier, archaic, modes of labour.¹⁹

From this perspective, the loans advanced to the peasants were forms of *variable capital*, effectively their wage, and the interest and rent paid were forms of *surplus-value*.

In the more recent essays in *Theory as History*, Banaji radically expands his analysis of capitalist social relations and laws of motion beyond a world where wage labour is globally dominant to societies which most Marxists view as non-capitalist. In both ‘Historical Arguments for a “Logic of Deployment” in “Pre-capitalist” Agriculture’ (Chapter 3) and ‘Workers before Capitalism’ (Chapter 4), Banaji points to the extensive use of wage-labour alongside slave-labour in large-scale construction, mining, agriculture and manufacturing in ancient Rome, and evidence of collective, proto-trade-union action among wage workers, including strikes. He concludes that ‘by late antiquity,

17. Banaji 2010, pp. 281–2.

18. Mendels 1972.

19. Banaji 2010, p. 308.

both wage-labour and capital (the basic *elements* of the capitalist mode of production) were fully formed but that their conjunction was much less obvious.²⁰ Banaji also points to the combination of large-scale, irrigated rural estates using masses of wage-labour to produce food crops, fruit and wine under the supervision of landowners in the Egyptian provinces of the eastern Roman Empire in the fifth and sixth centuries. He sees in ‘the large estates of that period a curious prefiguration of something intrinsically modern.’²¹

While not explicitly claiming that a form of capitalism existed in classical antiquity or the early middle ages, Banaji argues that the first form of historical capitalism – *commercial or merchant capitalism* – emerged in the Islamic trading empires of the eighth through to the eleventh centuries (Chapter 9). In an attempt to create ‘a more internationalist historiography of capitalism than that implied in the transition debate’,²² Banaji claims that Marx’s conception of merchant or commercial capital as ‘simply a specialised form of the circulation functions of industrial capital... is clearly inapplicable to the historical trajectories associated with the international traders or merchant-financiers who dominated the earlier history of capitalism.’²³ He replaces Marx’s notion with ‘a model of commercial *capitalism* that allows for the reintegration of production and circulation.’²⁴

Banaji argues that the Islamic trading empires were ‘to some degree motivated by financial and commercial considerations’.²⁵ These empires were

certainly not just some loose ensemble of feudal regimes. Trade was fundamental to its structure. The growth of cities and expanding urban markets, the diffusion of new crops, and *explosive* growth of cash-cropping (rice, flax, hemp, sugarcane, raw silk, indigo, cotton) are all general indications of the remarkable commercial vitality of the eighth to eleventh centuries.²⁶

The Arab merchants ‘made a powerful contribution to the growth of capitalism in the Mediterranean’, expanding the monetarised economy of late antiquity, introducing new forms of commercial credit and partnership, and providing ‘a rich source of plundered money-capital which largely financed the growth

20. Banaji 2010, p. 130.

21. Banaji 2010, p. 178.

22. Banaji 2010, p. 253.

23. Banaji 2010, pp. 255–6.

24. Banaji 2010, p. 257.

25. Banaji 2010, p. 264.

26. Banaji 2010, p. 265.

of maritime capitalism in Europe.²⁷ As the Genoese merchants, and later the Portuguese and Dutch, displaced the Arabs, merchant-commercial capitalism began to transform production in various ways, creating ‘a variety of enterprises from putting-out networks and peasant agriculture to slave plantations and factories in the modern sense’.²⁸

The ‘articulated’ nature of merchant-capitalism is even more evident in the forms in which it typically established control over the labour of artisans and small peasants. Under Company-capitalism, the circuit of merchant capital acquired its moment of reality when the money-capital financing the ‘investment’ (the annual list of orders sent out by the company’s directors) circulated in the form of *advances*. . . . the organisation of production acquired the appearance of a chain, a hierarchy of capitals connecting a dispersed mass of labour power to the company across a series of ‘intermediate agents’.²⁹

For Banaji, the spread of ‘commercial partnerships, bills of exchange, transfer-banking, the widespread availability of money, the growing power of merchants’ guilds and the evolution of business-firms’³⁰ in Europe by the thirteenth century is clear evidence of commercial capitalism. By recognising the reality of a merchant capitalism prior to the sixteenth century whose origins are found in the Islamic east, historical materialism will jettison its residual Eurocentrism and conceive the origins of capitalism as a process of ‘combined development’ rather than as a teleological sequence of different forms of social labour.

One of the key manifestations of merchant capitalism was plantation slavery, or, in Banaji’s terms ‘*slaveholding capitalism*’.³¹ Rejecting claims that North American and Caribbean planters were paternalistic in their relationship to their unfree labourers, Banaji argues that plantation slavery was one of a variety of forms of exploitation that formed merchant capitalism:

The slave-plantations were commodity-producing enterprises characterized by speculative investments . . . in the production of *absolute* surplus-value *on the basis* of landed property. Production was carried on in such enterprises at low, ‘capital-specific’ techniques which posited enlarged simple cooperation subject to economies of scale. . . . The progress of such an enterprise would thus present the external aspect of a series of simple reproduction-cycles expanding slowly to higher levels according to a discontinuous and bunched rhythm of investment.

27. Banaji 2010, pp. 267–8, emphasis in original.

28. Banaji 2010, p. 273.

29. Banaji 2010, p. 274.

30. Banaji 2010, p. 357.

31. Banaji 2010, p. 10.

At the level of all enterprises, the purely quantitative character of accumulation, and its 'natural' basis in the ownership of land... would progressively convert the excess of commodity-values over prices of production inherent in low *technical* composition of capital into 'surplus-profits' appropriated by the slaveholders themselves as 'absolute rent'.³²

Theoretical ambiguities and slippages

The immense richness of Banaji's work, both historical and theoretical, makes *Theory as History* an important contribution to the renewal of historical materialism in the twenty-first century. Banaji correctly, in our opinion, distinguishes modes of production by their laws of motion and rejects the reduction of relations of production to juridically defined relations of exploitation. He shares with Ellen Meiksins Wood³³ the project of constructing a *non-teleological* Marxism – a historical materialism that rejects any unilinear notion of history that takes the form of a necessary sequence of modes and forms of production.

However, Banaji's notion that laws of motion characterise modes of production independently of distinct *social-property relations* leads him to formulations that *open the door* to just the sort of arguments he seeks to reject. In contrast to Banaji, the laws of motion – *rules of reproduction* – of different forms of social labour are *rooted* in specific social-property relations – relations between human beings and between humans and nature as mediated by objects and instruments of production.³⁴ While the social-property relations cannot be reduced to their *legal and juridical appearances* as free or unfree labour, they are *determinant* of the laws of motion of different modes of production. Put another way, the *macro-dynamics* of different modes of production cannot be comprehended outside of the specific structures of the social relations of production and labour process.

Banaji correctly identifies the fundamental difference between the laws of motion of capitalism – specialisation of output, technical innovation and accumulation – and those of feudalism – the historically changing consumption needs of the aristocracy (Chapter 2). However, the distinctive rules of reproduction of capitalism and feudalism are *unintelligible* without reference to their distinctive social-property relations.³⁵ For the laws of motion/rules of reproduction of capitalism to apply, *capitalist social-property relations must*

32. Banaji 2010, pp. 69–70. Bhandari 2008, pp. 90–2, makes a similar argument.

33. Wood 1995.

34. Brenner 1985, 1986 and 2007.

35. The following is drawn from Brenner 1977, 1986 and 2007.

exist. While capitalist social-property relations can and have taken a variety of social and juridical forms, including household-based production and legally coerced wage-labour, *two conditions must apply*.

First, the reproduction of *both* the exploiters and producers must depend upon *successful market competition* through lowering costs by technical innovation. Put another way, the exploiters' and producers' access to *both* means of production and consumption must depend on the exploiters and producers' 'holding their place' in the marketplace – producing at or below the socially average necessary labour-time. Only under such circumstances are the exploiters and producers *compelled* to specialise output, introduce labour-saving tools and methods, and accumulate labour-power and means of production.

In situations where exploiters and producers have access to means of production and consumption independently of successful commodity production – as did lords and peasants in feudalism and other pre-capitalist forms of social labour – neither are under any *systemic compulsion* to specialise output, introduce labour-saving tools and methods or accumulate in order to acquire, maintain or expand means of consumption and production. According to Brenner:³⁶

It is the essence of pre-capitalist social relations of production that both exploiters and the direct producers are, in one way or another, directly connected with their means of subsistence and means of production. As a result, their survival and reproduction is not dependent on the sale of their products on the market; consequently they do not have to compete in terms of their productive powers.

In these forms of social labour where the possession of landed property, the main means of production and consumption, is independent of market coercion, both exploiters and producers are free to prioritise *consumption* over *accumulation*. As a result, peasants are free to engage in 'safety-first' agriculture and the marketing of physical surpluses, and aristocratic landowners can increase their consumption through military conquest, acquisition of patrimonial office, and other 'non-market' mechanisms.

The second condition of existence of capitalist laws of motion/rules of reproduction is that both the exploiters and producers are *capable* of responding to changes in market prices/relative profits through labour-saving technical innovation. On the one hand, the most efficient exploiters must be able to gain access to the means of production (land, tools, etc.) of their less efficient competitors. In other words, less efficient producers must be *displaceable*

36. Brenner 1977, p. 37.

through the process of competition. On the other hand, producers must be *potentially expellable from production* in order to allow the easy adaptation of labour-saving tools and methods. Put another way, labour-power must be *relatively mobile* – unattached to means of production and consumption – so that they are easily made redundant in response to changing market conditions and through the introduction of labour-saving technology.

Both conditions have existed in situations where legally free wage-labour is absent. The subordination of household producers who rely solely on family labour to market coercion usually *precedes* the development of wage labour. When rural households' ability to obtain, maintain and expand landholdings becomes dependent on successful competition in the market place, they become subject to the rules of reproduction/laws of motion of capitalism – the need to specialise output, technically innovate and accumulate. Wage labour emerges from the market-induced social differentiation of household producers who must 'sell to survive'.³⁷

Similarly wage labour does not require full juridical freedom. In both early capitalist agriculture and manufacture (as distinct from industry), capital has relied on legal coercion to compel labourers to sell their labour-power and to remain 'on the job' for as long as their employers require them. The disjunction between production and labour time in agriculture³⁸ – the existence of the 'slack season' between planting and harvesting – makes it difficult for capital to secure needed labour at both planting and harvesting, which is usually highly time-sensitive. In manufacturing proper, which relies on the skill and intelligence of the worker, skilled labour is often difficult for capital to hire and keep on the job. As a result, capitalist agriculture and manufacturing utilised legally-coerced wage labour. In agriculture, labour tenancy involved workers, labouring under the command of capital, receiving a portion of their wages in the form of a cottage/garden plot on which they grew a portion of their own food. In both agriculture and manufacture, bonded labourers are coerced into selling their labour-power under less than optimal conditions and are compelled not to leave employment prior to the expiration of their contracts. However, in none of these cases are there legal barriers to employers firing workers – expelling them from production – in response to changing market conditions or to introduce new, labour-saving objects and instruments of production.³⁹

37. Brenner 1986 and Wood 2002.

38. Mann 1990, Chapter 2.

39. Post 2006.

In *Theory as History*, Banaji recognises *both* conditions of capitalist accumulation,⁴⁰ but fails to apply them consistently in his analysis of historical capitalism. In his discussion of the laws of motion of feudalism, Banaji recognises that not all large-scale production for the market

... entails competition between the different enterprises... In a capitalist economy, the market exerts its domination over each individual enterprise by compelling it to produce within the limits of a socially average level of productivity. The existence of this social average posits a mechanism of cost-calculation which was absent in conditions of feudal production.⁴¹

Banaji is also clear that the accumulation of capital requires the ability of exploiters to expel labour from production, regardless of what legal-judicial form wage labour takes:⁴²

The key fact is that, in the estates-systems described or alluded to above (including those in parts of Italy which were based on sharecropping), 'the peasants had no claim whatsoever to the land' and sharecroppers and estate-workers could be dismissed at any time. ... [E]viction would have been 'no punishment for a serf'. ... Hybrid forms of agrarian capitalism (of the later eighteenth and nineteenth centuries) were *built on the dispossession and landlessness of the peasantry more than its bondage*, but always ready to use coercion to ensure minimal disruption to the supply of labour. For capitalists, this is perfectly rational behaviour, as long as it does not jeopardise the *social* mobility of labour, that is, the ability of workers in general to move between villages or estates or between different parts of the countryside including the estates themselves. There is no evidence that even the most extreme forms of debt-servitude ever had this particular effect of restricting the mobility of social labour or undermining the fluidity of the labour market.⁴³

From this perspective, capitalist social-property relations were clearly dominant in Deccan agriculture in the nineteenth century. Although Banaji is not explicit, it appears that the imposition of imperial taxation on the peasant producers of the region forced them to devote more and more of their land and labour to commodity production. Even before the 'cotton boom' that began in the 1860s, the burden of monetarised taxes compelled the bulk of the Deccan peasants to market not only physical surpluses but significant portions of what had previously constituted their own consumption needs, their 'necessary product'. The peasants' subjugation to market coercion unleashed a process

40. As does Bhandari 2008, pp. 85, 91–2.

41. Banaji 2010, p. 77.

42. Post 1999 and 2006.

43. Banaji 2010, pp. 344–5.

of social differentiation, with less efficient producers (the ‘semi-wage labour’ peasants) losing possession of landed property and being compelled to sell their labour-power to their more efficient neighbours (the ‘big peasantry’) who accumulated both land and labour-power.

Alongside this specifically capitalist form of agriculture was the form that Banaji analyses so brilliantly – the formal subsumption of sharecropping peasants to capital. Banaji is correct in arguing that the relationship between landlords and usurers and the ‘small peasantry’ was a *transitional* form of capitalist social-property relations. According to Brenner,⁴⁴ when:

the direct producer’s property in the means of production does not allow him direct access to the means of subsistence and reproduction. He is, therefore, required to sell on the market to reproduce and survive, thus forced to sell at ‘the socially necessary rate’ or go out of business. . . . What determines that all these forms are ‘transitional’ is that they allow for a *more or less* direct transition to formally capitalist class relations and co-operative labour under the pressures of competition on the market. What may tend to prevent this transition, even under market pressures, is on the one hand, the ability and willingness of the direct producers to accept extreme increases in the rate of absolute surplus labour in order to produce at ‘the socially necessary rate’: in other words, they ‘exploit themselves’ – with the goal of holding onto ‘their property’ – in order to be competitive with productive units using more advanced techniques (co-operative labour combined with fixed capital). On the other hand, there is the reluctance of ‘capitalists’ (merchants, usurers, landowners) to make the change to fixed capital through the introduction of labour-saving techniques, because their ownership of fixed capital puts them at the mercy of the ups and downs of the market.

However, plantation slavery, even when subordinated to a capitalist world-market,⁴⁵ cannot be understood as a capitalist form of social labour. Slavery *did not* ‘allow for a *more or less* direct transition to formally capitalist class relations and co-operative labour under the pressures of competition on the market’. The main obstacle to such a transition is located neither in the

44. Brenner 1977, p. 52, n. 43.

45. I generally agree with Banaji that the demands of European feudalism, in particular, the consumption-needs of the lords, fuelled much of the construction of the ‘first’ world-market between the sixteenth and nineteenth century. For the most part the Atlantic world of this period was the product of what Wood has called an ‘empire of commerce’ rooted in non-capitalist forms of social labour (Wood 2003, Chapter 3). However, English colonisation and the development of plantation slavery in the English colonies were the products of a burgeoning agrarian *capitalism*, where sugar and tobacco supplied a growing domestic market of small capitalist farmers, manufacturers, merchants and professionals (Brenner 1993, Part I; Wood 2003, Chapters 4–5). The world-market of industrial capitalism clearly structured the ‘second slavery’ of the nineteenth century, where the slave plantations produced key industrial raw materials (cotton) and items of working-class consumption (sugar). See Tomich 2004, Chapter 3.

planters' 'paternalism' nor the slaves' 'lack of motivation' as unfree labourers, but in slavery's specific *social-property relations*.⁴⁶ The reproduction of the planters' landed property was clearly dependent upon successful market competition, forcing the planters to organise a labour-process based on a detailed division of tasks among slaves working in coordinated gangs. They were compelled to maximise *absolute* surplus-labour extraction. However, the slaves could not be *expelled* from production to allow the introduction of labour-saving tools and methods and a shift to *relative* surplus-labour extraction. While capitalists purchase the wage-workers' *labour-power*, their capacity to work for a set period of time, the slave-owning planters purchase the *labourers*. As a 'means of production in human form',⁴⁷ the slaves must be maintained and reproduced whether or not they labour. Put another way, the slaves could not be 'dismissed at any time' and replaced with more complex tools and machinery, instead they must be *sold* to another master in order to preserve their value as 'fixed capital'.

Although plantation slavery in the Americas was a creature of the capitalist world-market, its *rules of reproduction* were distinctively *non-capitalist*:

... in Marxian terms the law of value applied to slavery only at the margins, through imposing external costs of competition on the plantation, while the actual allocation of slaves to particular tasks, as well as the determination of the capital-labour ratio, remained the autocratic privilege of the master. This is because the functionality of the law of value is premised on the *fluidity* of wage-labour – its ability to be reallocated via price signals in such a way that average productivity is equalized across sectors. Yet in slavery average socially necessary labour time was not imposed on the immediate producer by movements in the prices of either slaves or the products of slave labour. In this sense the labour theory of value does not apply under slavery because there is no 'abstract labour' in a slave system.⁴⁸

The results were the non-capitalist *anomalies* of plantation slavery: episodic labour-saving technical change, the tendency of slave plantations to be self-sufficient in food and other means of consumption, and the consistent increase of output in the face of secular falls in prices. In sum, the American slaveholding planters, like the Eastern European lords exploiting serf-labour,⁴⁹ did not respond to the imperatives of competitive markets through

46. The following is based on Post 2011, Chapter 3.

47. Banaji recognises that slaves were a *constant* rather than *variable* element of the plantation production process: 'The slaves are an overhead cost . . . they are like the expensive fixed capital equipment of modern refineries – a form of value which demands continuous operation.' (Banaji 2010, p. 104.)

48. Clegg 2010, p. 20.

49. Both Brenner's (Brenner 1977) and Banaji's (Chapter 2) discussion of the dynamics of the second serfdom are drawn from Kula 1976.

specialisation, innovation and accumulation. Instead, they responded to the market according to their non-capitalist rules of reproduction; maintaining their independence from the world-market through the production of their own means of consumption, and expanding production through the multiplication of technically stagnant units of agricultural production – through *geographic expansion*.

Banaji's claims that elements of capitalist production existed in antiquity and the early middle ages, and that a merchant capitalism emerged in the Arab trading empires and spread to the Mediterranean in the thirteenth and fourteenth centuries, are also questionable. Without doubt, large-scale estate production geared toward the market existed both in the late Roman Empire and in Byzantium after the collapse of the western empire. Nor is there any question that there were substantive populations of disposed peasants who were compelled, by both economic and legal-judicial means, to sell their labour-power to the owners of these estates. However, Banaji does not demonstrate that the estate owners' ability to acquire, maintain or expand their land holdings depended upon successful commodity production.⁵⁰ While the wage labourers on these estates produced goods for the market, there was no compulsion to specialise output and labourers could be put to work producing means of subsistence for themselves and their masters. Just as the Polish lords of the fifteenth and sixteenth century were not subject to 'market compulsion', neither were the large estate owners of late Rome or Byzantium:

Since the serf-lords had direct (non-market) access to their own means of subsistence (serf-peasant output from their demesnes), they did not have to buy on the market [the] necessities for reproduction; their ability to survive, to reproduce, was independent of their ability to 'hold their place on the market'. Indeed, from the point of view of the Polish economy, the goods imported from the West (almost exclusively by the Polish lords) were in the fullest sense luxuries. The Polish producers might not be able to hold their own in the world market, and consequently might be less able to buy luxury imports, but this would not 'put them out of business'. As a result, no entrepreneurs, either from inside or outside the system, no matter how great the superiority of the productive methods they could potentially put into play, could replace the serf lords through competition.⁵¹

Banaji's notion of merchant-commercial capitalism is both historically and theoretically problematic. Any attempt to theorise forms of capitalism not based on specifically capitalist social-property relations ultimately fails to

50. Despite his general sympathy for Banaji's analysis, Bhandari 2008, pp. 92–4, makes a similar criticism.

51. Brenner 1977, p. 71.

account for the fundamental *limits* on trade and production in even the most commercialised pre-capitalist societies.

All of the societies discussed by Banaji – the Islamic trade empires, the Genovese and Venetian empires and the even the highly urbanised Dutch Republic – were predominantly rural societies, where *non-capitalist* social-property relations dominated agricultural production. The vast majority of the direct producers were peasants whose ‘access to land, the basic means of production, was not dependent on the market or success in competitive production’.⁵² Nor were urban craft producers in the Arab world subject to ‘market coercion’:

Their access to the means of production was not mediated by the market. Craft skills and shops were typically passed down from father to son and governed by tradition, rather than the laws of competitive markets. While their own products did go to market, this was not the kind of market in which success was determined by price competition and labour productivity. It was a network of exchange in which the skills of craftsmanship, or perhaps long-standing personal connections, were the basis of successful business. A business of this kind typically went on for many generations without any change in production or increase in size.⁵³

The exploiting and appropriating classes, whether landowners or merchants, did not depend on successful market competition for their economic survival. Instead, they relied on ‘extra-economic powers of extraction’ based on their ‘superior authority and coercive force at their command’.⁵⁴ For many members of both the landowning aristocracy and the merchant classes, buying offices to collect rents and taxes was often the main means of enriching themselves.⁵⁵ Most importantly, profits in the far-flung trade that moved agricultural surpluses and luxury goods across large expanses did not depend upon lowering costs and improving technique – did not depend upon *successful market competition*. Instead, the most successful merchants in these pre-capitalist ‘empires of commerce’ depended upon the power of the state to grant and enforce trade *monopolies*.⁵⁶

The non-capitalist character of agricultural production and the dependence of merchants on extra-economic power to survive and prosper set profound

52. Wood 2003, p. 52.

53. Wood 2003, p. 53.

54. Wood 2003, p. 52.

55. Banaji recognises a similar pattern among Caribbean planters, ‘whose profits financed . . . peerages, marriage-alliances, seats in parliament and the purchase of feudal properties.’ (Banaji 2010, pp. 70–1.)

56. Wood 2003, Chapter 3; and see the discussion of the English ‘old’ merchants who depended on royal monopolies in the sixteenth century in Brenner 1993, Chapter 1.

limits on the expansion of trade and production in even the most developed of these societies, early-modern Genoa, Venice and the Netherlands. On the one hand, the limits to the growth of labour productivity through the introduction of labour-saving tools and methods in agriculture and the producers' non-market access to land placed strict limits on the size of urban populations available to work in crafts and manufacturing. On the other hand, the ability of both landowners and peasants to reproduce themselves outside the market limited the potential demand – the home market – for manufactured means of production and consumption. Brenner contrasts the success of English manufacturing exports after the fifteenth century with the collapse of manufacturing exports and trade in the rest of early modern Europe. Capitalist agriculture in England

... supported a continuously increasing agricultural productivity, which, as a result, provided for a symbiotic relationship between agriculture and industry; each provided a market for the other. On the continent, by contrast, agriculture and industry were set in conflict with one another by the prevailing class system of production based on serfdom or peasant proprietorship. There, market pressures in favour of agriculture simply drove up food prices, because the class structures of production set up barriers to increasing output via accumulation and innovation. Higher prices determined that a greater share of society's total productive powers would go to immediate subsistence, and thus correlatively undermined the society's ability to support manufacturing. ... So while much of European export industry declined during the seventeenth century as a result of its dependence upon pre-capitalist agricultural 'hinterlands' – a dependence which had only become more complex, but had not fundamentally changed – English industry continued to grow because of its construction on increasingly capitalist agricultural foundations.⁵⁷

57. Brenner 1977, pp. 76–7. Banaji ignores Marx's analysis of these limits when he quotes Marx to argue 'that Italy was where "capitalist production developed earliest."' (Banaji 2010, p. 4.) Unfortunately, Banaji does not provide the entire quote from the last footnote to the chapter on 'The Secret of Primitive Accumulation' (Marx 1976, p. 876, n. 1):

In Italy, where capitalist production developed earliest, the dissolution of serfdom also took place earlier than elsewhere. There the serf was emancipated before he had acquired any prescriptive right to the soil. His emancipation at once transformed him into a 'free' proletarian, without any legal rights, and he found a master ready and waiting for him in the towns, which had been for the most part handed down from Roman times. When the revolution which took place in the world market at about the end of the fifteenth century had annihilated northern Italy's commercial supremacy, a movement in the reverse direction set in. The urban workers were driven *en masse* into the countryside, and gave a previously unheard-of impulse to small-scale cultivation, carried on in the form of market gardening.

Put another way, the dominance of merchant capital – the buying and selling of goods to earn a profit through trade – depends upon *the dominance of non-capitalist social-property relations*.⁵⁸ Non-capitalist relations, especially in agriculture, ensure the isolation of producers and consumers necessary for merchants to ‘buy cheap and sell dear’ – to accrue profits by taking advantage of systematic price differentials through mercantile monopolies. As capitalist social-property relations develop in agriculture, household producers are placed in competition with one another and geographically based price differentials – and with them the ability to earn profits through trade – disappear. When capital takes hold of production, merchant capital loses its social and economic independence and becomes *commercial capital proper* – a moment in the reproduction of capital in production.

Conceptually, the notion of merchant or commercial capitalism represents a step backwards for historical materialism. In contrast to his analyses of the ‘second serfdom’ and of the highly commercialised agricultural forms of antiquity and the early middle ages, here Banaji redefines capitalism as a system of large-scale trade and finance. Theoretically, this represents a return to the theory of early Marx, borrowed from Smith, of capitalism as ‘commercial society’. In the ‘commercialisation model’,⁵⁹ again derived from Smith, the breakthrough to capitalism required both the removal of legal-judicial obstacles to the free operation of market forces and a ‘primitive accumulation of capital’ in the form of the accumulation of wealth through thrift or plunder.⁶⁰ Marx came to reject this conception of capitalism and its origins in the *Grundrisse* and *Capital*.⁶¹ In his mature writings, Marx argued that capitalism was a specific set of social-property relations – a *specific mode of production* – and primitive accumulation the historically contingent process of the creation of these new social relations among human beings and between humanity and nature.

As Ellen Wood has pointed out,⁶² the Smithian narrative of the development of capitalism is one of the foundations of Eurocentrism:

...the standard ‘Eurocentric’ account[s] of how and where capitalism began ... have been based on two fairly simple assumptions. Beginning with a conception of capitalism as simply ‘commercial society’ ... they assume that it

58. Marx 1981, Chapter 20.

59. Wood 2002.

60. Banaji is quite explicit in his embrace of Smith’s notion of ‘primitive accumulation’ when he argues ‘the seaports of the Muslim world became a rich source of the plundered money-capital which largely financed the growth of maritime capitalism in Europe.’ (Banaji 2010, pp. 267–8.)

61. Brenner 1989; Wood 1995, Part I.

62. Wood 2001.

was largely the result of growing towns and trade; and second, that this process of commercialization reached maturity when a critical mass of wealth was collected.

She points out, however, that most left-wing critics of the Eurocentric narrative of the origins of capitalism *accept* its basic Smithian premises. They argue that the non-European trading empires, representing a more developed form of ‘commercial society’ than in Europe, were based on higher levels of labour productivity in agriculture and more extensive and profitable trading networks. Only European conquest and colonisation, beginning in the sixteenth century, enabled Europe to jump ahead through the plunder of the rest of the non-European world. According to Wood:

The remarkable thing about anti-Eurocentric critiques is that they start from the same premises as do the standard Eurocentric explanations, the same commercialization model and the same conception of primitive accumulation. Traders or merchants anywhere and everywhere are seen as potential, if not actual, capitalists, and the more active, wide-ranging, and wealthy they are, the further they are along the road of capitalist development. In that sense, many parts of Asia, Africa, and the Americas were well on their way to capitalism before European imperialism, in one way or another, blocked their path.

As a consistent critic of teleological, unilinear and Eurocentric versions of historical materialism that posit universal, trans-historical dynamics to history – the development of the productive forces and/or the spread of markets – Banaji rejects the theory and politics of ‘anti-Eurocentrism’ or *third-worldism*. However, Banaji’s divorce of the laws of motion/rules of reproduction of different modes of production from specific social-property relations opens a theoretical *back-door* to the appropriation of his analysis for purposes he would find theoretically and politically abhorrent. Put another way, the emphasis the ‘political Marxists’ (I prefer ‘*Capital-centric*’ Marxists) like Brenner and Wood put on the breakthrough to capitalist social-property relations in England in the sixteenth century does not flow from a ‘mesmerisingly Anglocentric’⁶³ perspective that embraces ‘the linear succession of modes of production’.⁶⁴ Rather, historical materialism can *decisively* break with teleological and unilinear visions of history that we have inherited from the Second International and Stalinism when we understand capitalism as a *unique* set of social-property relations with distinctive laws of motion, whose

63. Banaji 2010, p. 358.

64. *Ibid.*

development in England depended upon the historically *contingent* outcome of class struggles between lords and peasants.

References

- Banaji, Jairus 1976, 'Summary of Selected Parts of Kautsky's *The Agrarian Question*', *Economy and Society*, 5, 1: 1–49.
- 2007, *Agrarian Change in Late Antiquity: Gold, Labour, and Aristocratic Dominance*, Oxford: Oxford University Press.
- 2010, *Theory as History: Essays on Modes of Production and Exploitation*, Historical Materialism Book Series, Leiden: Brill.
- Banaji, Jarius and Rohini Hensman 1990, *Beyond Multinationalism: Management Policy and Bargaining Relationships in International Companies*, New Delhi: Sage.
- Bhandari, Rakesh 2008, 'The Disguises of Wage-Labour: Juridical Illusions, Unfree Conditions and Novel Extensions', *Historical Materialism*, 16, 1: 71–99.
- Brenner, Robert P. 1977, 'The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism', *New Left Review*, I, 104: 25–92.
- 1985, 'Agrarian Class Structure and Economic Development in Pre-Industrial Europe', in *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, edited by T.H. Aston and C.H.E. Philpin, Cambridge: Cambridge University Press.
- 1986, 'The Social Basis of Economic Development', in *Analytical Marxism*, edited by John Roemer, Cambridge: Cambridge University Press.
- 1989, 'Bourgeois Revolution and Transition to Capitalism', in *The First Modern Society: Essays in English History in Honour of Lawrence Stone*, edited by A.L. Beier, David Cannadine and James M. Rosenheim, Cambridge: Cambridge University Press.
- 1993, *Merchants and Revolution: Commercial Change, Political Conflict, and London's Overseas Traders, 1550–1653*, Princeton: Princeton University Press.
- 2007, 'Property and Progress: Where Adam Smith Went Wrong', in *Marxist History-Writing for the Twenty-first Century*, edited by Christopher J. Wickham, London: The British Academy/Oxford University Press.
- Clegg, John 2010, 'Structural Constraints on Growth and Productivity in New World Slavery: A Summary Theoretical and Historical Analysis', unpublished paper, New School for Social Research.
- Dobb, Maurice 1947, *Studies in the Development of Capitalism*, New York: International Publishers.
- Frank, Andre Gunder 1967, *Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil*, New York: Monthly Review Press.
- Grossmann, Henryk 1992 [1929], *The Law of Accumulation and Breakdown of the Capitalist System, Being Also a Theory of Crises*, translated and abridged by Jarius Banaji, London: Pluto Press.
- Kula, Witold 1976, *An Economic Theory of the Feudal System: Towards a Model of the Polish Economy, 1500–1800*, translated by Lawrence Garner, London: Verso.
- Laclau, Ernesto 1971, 'Feudalism and Capitalism in Latin America', *New Left Review*, I, 67: 19–38.
- Mann, Susan Archer 1990, *Agrarian Capitalism in Theory and Practice*, Chapel Hill: University of North Carolina Press.
- Marx, Karl 1976 [1867], *Capital: A Critique of Political Economy. Volume One*, translated by Ben Fowkes, Harmondsworth: Penguin.
- 1981 [1894], *Capital: A Critique of Political Economy. Volume Three*, translated by David Fernbach, Harmondsworth: Penguin.

- Mendels, Franklin F. 1972, 'Proto-Industrialization: The First Phase of the Industrialization Process', *Journal of Economic History*, 32, 1: 241–61.
- Post, Charles 1999, 'Review of Terrence J. Byres, *Capitalism from Above, Capitalism from Below*', *Historical Materialism*, 4: 282–94.
- 2006, 'Review of Robert J. Steinfeld, *Coercion, Contract, and Free Labour in the Nineteenth Century*', *Historical Materialism*, 14, 3: 275–88.
- 2011, *The American Road to Capitalism: Studies in Class Structure, Economic Development and Political Conflict, 1620–1877*, *Historical Materialism Book Series*, Leiden: Brill.
- Tomich, Dale W. 2004, *Through the Prism of Slavery: Labor, Capital, and World Economy*, Lanham, MD.: Rowman & Littlefield Publishers.
- Wallerstein, Immanuel 1974, *The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, New York: Academic Press.
- Wood, Ellen Meiksins 1995, *Democracy against Capitalism: Renewing Historical Materialism*, Cambridge: Cambridge University Press.
- 2001, 'Eurocentric Anti-Eurocentrism', *Against the Current*, II, 92, available at: <<http://www.solidarity-us.org/site/node/993>>.
- 2002, *The Origin of Capitalism: A Longer View*, Revised Edition, London: Verso.
- 2003, *The Empire of Capital*, London: Verso.