

PRIMITIVE ACCUMULATION IN MARXIST THEORY

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MASTER OF PHILOSOPHY

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DECLARATION

I declare that the dissertation titled '**Primitive Accumulation in Marxist Theory**' submitted by me in partial fulfillment of the requirements for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other University.

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INTRODUCTION

The peasant society creates him [the social bandit] and calls upon him, when it feels the need for a champion and protector- but precisely then he is incapable of helping it. For social banditry, though a protest, is a modest and unrevolutionary protest. It protests not against the fact that peasants are poor and oppressed, but against the fact that they are sometimes excessively poor and oppressed. Bandit-heroes are not expected to make a world of equality. They can only right wrongs and prove that sometimes oppression can be turned upside down. Still less can they understand what is happening to Sardinian villages that make some men have plenty of cattle and others, who used to have a few, have none at all; that drives Calabrian villagers into American coal-mines, or fills the Carpathian mountains with armies, guns and debt.

-Eric Hobsbawm, *Primitive Rebels*

These words capture the reality of capitalist accumulation, whether 'primitive' or 'modern', as it universally destroys the existing forms of life and livelihood and subordinates millions of peasants into a life of penury and filth. Although written to describe a phenomenon that is usually characterized as pre-capitalist in nature, they make for a strikingly apt rendition for the processes we witness today. The thread that unites the legends of the peasant proprietors of the fifteenth century Western Europe, more specifically those of England, to the tales of the tribals in the Indian Chottanagpur weaves together a curiously common and ubiquitous history of forcible dispossession of the erstwhile poor, but precariously self-sufficient peasant populations.

As is natural and expected, these processes, which Karl Marx exclaims as being driven by the “vilest of human passions”, are accompanied by the fiercest of resistance, both sporadic and organized, including both ‘harmless’ and militant. Numerous such forms of resistance, along with the not-so-well-disguised use of extra-economic means of dispossession of the peasantry from their land and common, natural resources bring back images commonly associated with the ‘uncivilised’ beginnings of the capitalist age. Therefore, we see a renewed interest in revisiting the theoretical debates that informed the discussions around the questions of the origin of capitalism, the process of primitive accumulation, and the nature of capitalist accumulation and development.

I

The story of the primitive accumulation is one of the dissolution of the traditional lifeways and the driving of the rural workers from the countryside into the factories and of removing all signs of complacency and sloth. It is the ‘secret history of the origins of capitalism’. Classical political economist, Adam Smith sought to speak of a ‘primitive accumulation’ in order to explain the original accumulation that set the ball rolling and established one of the cornerstones of the capitalist system- the division of labour. It was Marx who is credited to have called attention to the more important aspect of the social division of labour and laying bare the extra-economic origins of the economics of the market and the role of state interventions in putting in place the system which later advocated laissez faire, or non-interventionism in the economic sphere.

An examination of the concept of primitive accumulation and the processes that characterized it in the fifteenth century England, as described by Marx in *Capital*, form the core of the first chapter. A re-look at the processes of ‘original accumulation’ in the light of the later studies that both buttressed and challenged, as well as further developed the original thesis and description provided by Marx of

the transition from the feudal to the capitalist mode of production, was deemed necessary in order to meaningfully investigate the theoretical implications of primitive accumulation, both as a concept and a process, in the wake of the newer assertions on the issue.

Primitive accumulation characterized a set of processes that took place simultaneously, arguably much less by accident than by design, that purported to ensure a complete and irreversible process of dispossession of the peasantry off all the means of subsistence, that rendered their labour power available for exploitation for ensuring a undeniably lucrative and irresistibly high rate of profit. The process of forcing out the peasantry from the fields was ensured by enclosing the commons, legally. Since the peasants did not possess the 'property rights' in the 'modern' sense, but only traditional rights, their use of the land was declared 'illegal' and the traditional rights were abrogated. A process strikingly similar to what the tribals in the Indian countryside are faced with in the absence of a legal *patta* claiming the ownership of the land. The land held in common and as a traditional possession is being taken away for facilitating surplus extraction, both in the form of extraction of cheap raw materials or for utilizing cheap labour power. But only dispossessing the peasantry did not do the needful as, Everitt notes that the labourers retained privileges in the "shrubs, woods, undergrowth, stone quarries and gravel pits, thereby obtaining fuel for cooking and wood for animal life, crab apples and cob nuts from the hedgegrows, brambles, tansy and other wild hers from any other little patch of waste...almost every living thing in the parish however insignificant could be turned to some good use by the frugal peasant labourer or his wife"¹. Therefore, as Perelman notes that not surprisingly, the traditional rights also disappeared gradually.

¹ Alan Everitt, 'Farm Labourers In 1500-1640', Volume IV in the 'Agrarian History of England and Wales', Joan Thirsk (ed.), Cambridge University Press, 1967 quoted in Michael Perelman, *The Invention of Capitalism*, Duke University Press, Durham, London, 2000, p.14

To effectively operationalize wage relationship, Perelman² argues that at first the ability of the people to fend for themselves was sought to be undermined effectively. The other set of measures aimed at keeping people from finding alternative survival strategies outside the system of wage labour while the other legal measures dispossessed the peasants from traditional peasant rights. Consequently, wage labour appeared as a voluntary affair devoid of any semblance of the brutality and unjustness of the underlying process. The later efforts at forced disciplining the lax workforce were emphasized by a swelling number of the men of words. In this novel fashion, time became money. And hence goes the famous story of the Robinson Crusoe, who, as Marx pointed out, was left with nothing on the lonely island, but with the most significant possession of humankind, a watch!...the determinant of the use value of all human labour, the unit for profit and surplus value. Thereby, with the unflinching determination as demonstrated by the English landed gentry and the bourgeoisie, in disciplining the rowdy workforce and putting all outlawed vagabonds, beggars, children, women to work, by abolishing religious holidays, stretching the working hours to their maximum possible limits, the stilts were put in place, upon which the capitalist mode of production later developed and flourished.

In discussing primitive accumulation- a discussion to which he arrives late in his study of capitalism, in *Capital*- Glassman³ notes that Marx exposes the hypocrisy of capitalist rhetoric about human rights and equality, but makes it clear that capitalism marks a progress in human history and it should not be dismissed with relation to a romantic view of the past. He calls the common property regimes, peasant production, artisanal labour that is replaced by capitalism as decreeing 'universal mediocrity'. Therefore, for Marx, however loathsome were the processes involved in the primitive accumulation, they formed the necessary steps in the 'direction of fuller human development'.

² Perelman, *ibid*, p.14-15

³ Jim Glassman, 'Primitive Accumulation, Accumulation by Dispossession, and Accumulation by 'Extra-Economic' Means', *Progress in Human Geography*, 30 (5), 2006, p. 608-625

Marx did not limit his interpretation of primitive accumulation to isolated pockets of the world. Perelman argues that he also included the process of colonial exploitation of non-capitalist modes of production as constituting a crucial component of the entire process. He mentions that "a great deal of capital, which appears today in the United States without any birth-certificate, was yesterday, in England, the capitalized blood of children"⁴. Perelman alludes to other areas of primitive accumulation other than agriculture and says that it took place in the city as well as in the countryside. By depriving the urban folk of the means of self provisioning produced a greater dependence on the market.⁵

Recognizing the salience of colonialism, among other factors, and while assessing the role of the capital in the non-capitalist economic formations, Marx asserted that the "nature of capital remains the same in its developed as in its undeveloped forms"⁶. The study done by Aijaz Ahmed reveals the role played by the colonial wealth in fuelling changes in the hitherto existing English feudal order which led not only to an effective implementation of the enclosures but also contributed significantly to the industrial revolution. The evolution of the modern nation state in England, remarked Engels, was possible more due to the power of the monarchy (made immensely powerful by colonial exploits) than by the efforts of the bourgeoisie.

⁴ Karl Marx, *Capital*, Volume I, Vintage, New York, 1977, p. 920 quoted in Perelman, *ibid*, p. 26

⁵ Perelman, *ibid*, p.34

He uses this argument to draw the outlines of the possible similarities of the processes witnesses today in the form of the special organisation of the modern cities where people are packed into crowded quarters leaving little space for doing laundry, among other things. The US family's ability for self-provisioning has gradually declined since the World War II. The need to purchase such facilities has seen a sharp increase in, for instance, the number of women in the labour force. Then this process feeds on itself and creates all the possible outcomes that Perelman argues are constitutive of the process of primitive accumulation and he thereby stress the need to look at it as an ongoing process.

⁶ Karl Marx, *ibid*, p. 400 quoted in Perelman, *ibid*, p. 29

On the question of the role of the colonial capital in traditional economies like India, Engels argues that while it was the colonial capital that destroyed the classic pre-capitalist formations, it was colonial capital itself that prevented the rise of authentic bourgeois class as witnessed in the countries of advanced capitalism. Marx, after losing his initial hopefulness about the progressive role that the colonial capital could play in the 'backward' economies, had called colonialism purely a "bleeding process".

I have sought to assimilate the various aspects of the primitive accumulation as described by Marx in chapter 1, the primary one being the exploits of colonialism and its impact on the colonized lands. This, in the primary analysis was a necessary step in order to further probe the ramifications of Marx's treatment of primitive accumulation on the development of capitalism, more specifically, the relationship, if any, with the process widely known as imperialism. Further, it would be a significant first step towards an analysis of the present day contentions of the continuous nature of primitive accumulation as is demonstrated by the similarity of the global processes occurring today. This would also foreground the discussion that marks the central theoretical contention of Rosa Luxemburg's formulations which regard the accumulation through forcible means from pre-capitalist societies as indispensable for the existence of capitalism and assigned a rather progressive role to capital, of establishing capitalist relations of production in those societies.

Illuminating some of Marx's theoretical concepts, like the realisation crisis, the falling rate of profit and the under-consumption argument purportedly flagged off by Marx, that have over time evoked some crucial debates in the academia would, I believe, be of significant assistance in wading through the later contentions and debates hinging on the use of these very concepts.

Maurice Dobb⁷ argues that Marx did not elaborate anywhere on the so-called realisation problem in capitalism except for a fleeting mention in the third volume of

⁷ Maurice Dobb, 'Marx's Critique of Political Economy' in *The History of Marxism: Marxism in Marx's Day*, Volume 1, Eric J. Hobsbawm (ed.), Harvester Press Ltd., Brighton, 1982

Capital. Therefore, it remains as an open field of enquiry for research, although the later arguments developed in the light of Tugan-Baranowsky's analysis have sought to seal the debate on this particular matter. On the other hand, the controversy about the falling rate of profit, although has not overshadowed the development of capitalism, has in effect been arrested by reorganization of capital accumulation after each major crisis that has hit capitalism. This fact also adequately highlights Marx's contention that capitalist accumulation will never be a smooth, harmonious process and will instead be fraught with crisis. Taking off from this, chapter 2 examines the contention that it is the internal necessity of capitalism, in particular, the under-consumption that forms the fundamental reason for imperialism.

A discussion on the idea that lies at the heart of the debates about the continuous nature of primitive accumulation appears as the concluding discussion of chapter 1. According to Marx⁸, primitive accumulation not only 'precedes capitalist accumulation' but is also 'an accumulation which is not the result of the capitalist mode of production but its point of departure'. Such accumulation, called the primitive accumulation, in his words, 'forms the pre-history of capital, and of the mode of production corresponding to the capital'. Therefore, in Marx's opinion, 'in western Europe, the homeland of political economy, the process of primitive accumulation has more or less been accomplished'⁹.

The question as to why did Marx, if at all, confine primitive accumulation to the historical past remains particularly poignant. Perelman's unique arguments in this regard are particularly significant as he points out the necessity that compelled Marx to not discuss the aspect of the primitive accumulation in greater detail. He argues that Marx's primary objective was to focus the attention of the readers to the 'purely market forces' that he regarded as being more effective in exploiting labour than the brutal acts of primitive accumulation. Perelman¹⁰ writes that by calling

⁸ Karl Marx, *Capital*, Volume I, Harmondsworth, Penguin, 1976, p. 873

⁹ Karl Marx, *ibid*, p. 931

¹⁰ Perelman, *ibid*, p. 30

attention to the consequences of the unique logic that the market followed, Marx was making a contention that piecemeal reform was inconsequential. Contrary to what is commonly understood about Marx's position vis-a vis the possibility of primitive accumulation going on in various parts of the world, Perelman seeks to highlight that Marx in fact did not convey a definite end of the process of primitive accumulation. Tom Brass¹¹ mentions that although Marx noted the existence of continuities between primitive accumulation and the capitalist mode of production, he nevertheless emphasized the prefiguring role of the former. He notes that Marx regarded capitalism as the 'normalization' of primitive accumulation. Therefore, the conditions and processes that seem anomalous historically in the case of primitive accumulation emerge central to the reproduction of capitalism proper. Understandably thus, the unfree relations of production that characterize primitive accumulation can therefore be said to become 'normal' under capitalism.

As Marx himself had highlighted that after the establishment of capitalism, the use of market forces to extract surplus value was much more fruitful than deployment of physical force. In this context Perelman, and later Harvey and others, argue that the separation of people from their traditional means occurred over time as capital gradually acquired additional workers to swell the ranks of the workers. They also argue that the process of primitive accumulation is only one of degree. The later strategies of capitalism have seemed to have reached an understanding that an out primitive accumulation would not be in the best interests of capital.

II

The credit for the identification of the problem of the continuance of the processes and conditions of primitive accumulation after the establishment of the capitalist mode of production has been associated with Rosa Luxemburg¹². The argument that

¹¹ Tom Brass, 'Unfree Labour as Primitive Accumulation?', *Capital and Class* 35(1), 2010

¹² Rosa Luxemburg, *The Accumulation of Capital*, Routledge, London, 1963

stresses the importance of looking at the process of primitive accumulation as a continuous process occurring simultaneously with the growth of capitalism was put forth on the agenda by Luxemburg. She analysed the significance and centrality of the non-capitalist social formations and production relations to the reproduction of 'capitalism in its full maturity'. She talked about the problems that arise from associating primitive accumulation with the 'pre-history of capital' and noted,

Marx dealt in detail with the process of appropriating non-capitalist means of production as well as with the transformation of the peasants into a capitalist proletariat...yet we must bear in mind that all this is treated solely with a view to so-called primitive accumulation. For Marx, these processes are identical, illustrating merely the genesis of capital, its first appearance in the world; they are as it were, travails by which the capitalist mode of production emerges from a feudal society. As soon as he comes to analyze the capitalist process of production and circulation, he re-affirms the universal and exclusive domination of capitalist production.

Luxemburg offered an argument for the permanent necessity of primitive accumulation by suggesting that the crisis tendencies of capitalism enlisted by Marx made the constant conquest of non-capitalist territories for the expropriation of raw materials and the re-investment of surplus a requirement for capitalist stability. Chapter 2 tries to evaluate the arguments put forth by Luxemburg in the light of the previously discussed (chapter 1) idea of under consumption as is argued to have been mentioned, yet not detailed, by Marx. Luxemburg proposes to look at capitalism as being based on two different, yet intimately and organically connected, forms of exploitation. The first one deals with the commodity market which is ostensibly guided by the purely economic processes. The guiding liberal ideas of peace, prosperity, equality prevail in copious quantity. The other aspect of the accumulation of capital deals with the relationship between the capitalist mode of production and the non-capitalist modes of production. She writes that, "it's predominant methods are colonial policy, an international loan system-a policy of spheres of interest- and war. Force, fraud, oppression, looting are openly displayed

without any attempt at concealment, and it requires an effort to discover within this tangle of political violence and contests of power the stern laws of the economic process"¹³. Taking the argument a step further, she argues that capitalism would have ceased to exist long ago if it did not have access to the processes of primitive accumulation.

These are some of the assertions made by Luxemburg that have been looked into in chapter 2. Notwithstanding the salience of her general thesis, most of the conclusions that she had arrived at, for example, the one of the imminent collapse of capitalism as the areas available as the possible sites of primitive accumulation are shrinking due to the establishment of capitalism in those areas, were discarded not just by later theoretical contributions, but more so by history. The line of argumentation too, focusing on the under-consumption argument, that she chose to follow and develop, taking forth from Marx's rather under researched formulations, was more or less conclusively challenged by Bernstein, Tugan-Baranowsky, Lenin and later Marxists. A summary of the theoretical debates on this particular aspect has been dealt with in chapter 2.

Therefore, in chapter 2 I have attempted an overview of the debates that were kick started by Rosa Luxemburg's thesis, including the most influential thesis on imperialism advanced by Lenin. The thesis that supported the view that the process of primitive accumulation was confined to the 'pre-history of capital' was advanced by mainly Lenin, Kautsky, and Maurice Dobb.

This line of argument flows much like this that the process of primitive accumulation characterized by the direct and forcible appropriation of the property of the small producers, was needed by capitalism in its early period to lay the basis for large scale investment. So once the foundations had been securely laid, further accumulation and expansion could proceed 'normally' by the method of plowing back the profits on existing capital in new investment.

¹³ Luxemburg, *ibid*, p. 432

While dealing with the Narodniks in his *Development of Capitalism in Russia*, he sought to propose the theoretical basis for the assertion that under-consumption was not the reason behind imperialism as proposed by Luxemburg. He argued that the demand for the consumer goods and the investment in capital for the next round of production could well be met within a domestic economy and a closed capitalist system.

Borrowing from Rudolf Hilferding's thesis on imperialism, Lenin studied the role of money and bank credit in capitalist economies. Macdonough¹⁴ summarizes his formulations and writes that Lenin observed that in addition to the advent of the joint-stock companies, banks became involved in raising industrial capital through the highly developed credit system, more precisely, the promotion of stock issues. The pooling of capital that the sale of stock makes possible opens the way for an enormous expansion of the scale of capitalist enterprise. The increasing unification of bank capital and industrial capital generates finance capital. There then develops an intimate and intricate relationship between the growth of the corporate form of ownership, the increasing concentration and centralization of industry, and the emerging of previously separate spheres of capital activity into finance capital under the control of the banks. While the basic capitalist crisis tendencies do exist, the concentration of industries tends to mitigate the negative effects for capital.

Monopoly profits increase the volume of capital potentially available for investment at the same time as the monopolization of the markets restricts investment opportunities. Simultaneously, opportunities for higher profits exist in undeveloped areas and the overseas expansion of economic activity can only be accomplished through the threat or the actual use of military force. This leads him to define imperialism in five basic features:

Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired

¹⁴ Terrence Mcdonough, 'Lenin, Imperialism, and the Stages of Capitalist Development', *Science & Society*, Vol. 59, No. 3, 1995

pronounced importance; in which the division of the world among international trusts has begun; in which the division of all territories of the globe among the biggest capitalist powers has been completed.¹⁵

Calling the rise of finance capital in capitalism as marking a new stage in the history of capitalism, he wrote that the export of capital reached enormous dimensions only at the beginning of the twentieth century. The accumulation of an “enormous surplus of capital” is cited by Lenin as being the driving force for the formation of monopolist associations of capitalists and also of the few rich countries. While discrediting the Luxemburgist argument that capital needs to be exported in order that the capitalist system survives and does not breakdown as a closed system, Lenin sought to argue that capital seeks to maximize profits and that is the sole principle of its operation. While investing in the home economies would give the capitalists enormous profits, it would not be as high as the ones to be derived out of the backward economies where land is unbelievably cheap, capital is scarce, wages are low, and raw materials are cheap¹⁶.

It is argued that if the surplus capital is invested in uplifting the state of agriculture and of the masses then there would be not much need to export capital. Lenin calls the advocates for this reasoning as “petty bourgeois critics” and argues that if capitalism does that, it would cease to be capitalism. Since most of the backward countries had already been drawn into the “world capitalist intercourse”, through railways and building up of elementary conditions for industrial development, capital would be invested there for profits unimaginable in capitalist societies. Later he adds that the “non-economic superstructure which grows up on the basis of finance capital, its politics, and its ideology, stimulates the striving for colonial conquest”¹⁷. Monopoly methods are used to eliminate competition, to ensure supplies, to secure the necessary ‘connections’, etc. An advancement in capitalism and its spread to other lands is accompanied by a shortage of raw materials,

¹⁵ V. I. Lenin, *Imperialism: The Highest Stage of Capitalism*, Progress Publishers, Moscow, 1968, p. 232

¹⁶ Lenin, *ibid*, p. 60

¹⁷ Lenin, *ibid*, p. 80

intensification of competition, and a need for securing colonies and areas without competing capital. Lenin writes that “colonial possession alone gives the monopolies complete guarantee against all contingencies of the struggle against competitors, including the case of the adversary wanting to be protected by a law establishing a state monopoly”¹⁸. This eliminates the possibility for a ‘free market’, the rallying cry of the classical political economists espousing the causes of the ‘egalitarian’ market against the designs of the interventionist state. And this is precisely what brings right back in the question of the primitive accumulation and the merit of Luxemburg’s argument of two forms of capitalist accumulation, except that in the ‘peaceful, egalitarian’ sphere too, monopoly capitalism bursts the bubble of ‘free competition’, although barely managing to retain the semblance of ‘peace’ and non use of extra-economic means of capital accumulation. This is precisely the question that is being re-explored in the recent debates on the concept of primitive accumulation to which I turn in the third chapter, examining the relevance of Luxemburg’s ideas in the contemporary times and looking at the literature that has sprung up on the topic, including the widely known thesis of David Harvey, Michael Perelman, Massimo De Angelis, and others.

III

In the wake of the events like the large scale dispossession and pauperization of huge masses of people, more specifically in the third world, attention has been called to the redeployment of the Marx’s concept of primitive accumulation to order to study these situations. Although stressing the relevance of primitive accumulation in modern times sounds very much like an anachronism it has become an important concept in understanding the reality of our times. Both the older and the renewed discussions of primitive accumulation directly address issues of extraordinary salience for understanding transformations in the contemporary

¹⁸ Lenin, *ibid*, p. 78

world. For example, the removal of agricultural producers from the countryside and consolidation of more privatized control over resources (both processes being central to primitive accumulation) remain hugely significant processes today affecting billions of people across the globe, more brutally, the third world. It is in this very context that I place the third chapter which seeks to explore the similarities and the dissimilarities in the process looked at by Marx and the almost continuously ongoing processes of capital accumulation by various 'extra-economic' means, and equally importantly, by the capitalist logic.

Tom Brass¹⁹ argues that the main theoretical relocation of the concept of primitive accumulation and the assertion of the thesis of it's being an aspect of the 'normal' working of capitalism, occurred during and after the 'development decade' of the 1970s. The questions about the development of the third world agriculture and the growth therein of the capitalist relations of production alongside the existence of decidedly non-capitalist phenomena, such as, the bonded labour, had put perplexing questions on the table for the political economists of various hues. It was essentially in relation to this context that the concept of primitive accumulation sought to be revisited in order to explore the possibilities that it could offer in facilitating an in-depth and accurate analysis of the way imperialism operated and capital sought to draw surplus from both the capitalist and non-capitalist social formations.

Emphasizing the need to look at primitive accumulation as a continuing process David Harvey²⁰ claims that the processes that Marx describes as being a part of primitive accumulation are still with us and we witness an accentuation rather than a decline of these processes, as well as an emergence of myriad ways of conducting the same processes. He mentions the process of dispossession of the rural and peasant populations; colonial, neo-colonial and imperialist politics of exploitation; the use of state powers to reallocate assets to a capitalist class; the enclosure of the commons; the privatization of state lands and assets; an international system of

¹⁹ Brass, *ibid*, p. 27

²⁰ David Harvey, *The New Imperialism*, OUP, New York, 2003

finance and credit; the continuation of slavery in various forms including that of trafficking of people, particularly women.²¹

Massimo De Angelis constructs compelling evidence for the claim that while Marx did see primitive accumulation as a historical phase of capitalist development he also saw it as a process that formed a basic ontological condition for capitalist production, rather than just a historical pre-condition. As is looked at by De Angelis, for Marx, accumulation is nothing other than the primitive accumulation raised to a higher power since both essentially involve the separation of the producers from the means of production'.²² Perelman points to the disadvantages of relegating primitive accumulation to the pre-capitalist past and remarks that by doing so we would lose sight of the two-fold dimension of primitive accumulation. "First, the separation of people from their traditional means of production occurred over time as capital gradually required additional workers to join the labour force. Second, the process of primitive accumulation was a matter of degree. All out primitive accumulation would not be in the best interests of capital. Instead, capital would manipulate the extent to which workers relied on self-provisioning in order to maximize its advantage"²³.

As against the Luxemburgist argument that capitalism needs a non-capitalist sphere in order to survive, Samir Amin²⁴ argues that imperialism and the conquest of non-capitalist territories might not be technically necessary for the maintenance of capitalist accumulation, but the imperial option has been available and capitalists in the global north have seized it- with positive effects in the core of the global economy and negative effects in the periphery. Contrary to this, Harvey makes a case for the need for primitive accumulation as arising from a specific kind of

²¹ David Harvey, *A Companion to Marx's Capital*, Verso, London, New York, 2010, p. 307

²² Massimo De Angelis, 'Marx's Theory of Primitive Accumulation: A Suggested Re-interpretation', Manuscript, University of East London quoted in Glassman, *ibid*, p. 615

²³ Perelman, *ibid*, p. 32

²⁴ Samir Amin, *Accumulation on the World Scale: A Critique of the Theory of Underdevelopment*, Monthly Review Press, New York & London, 1976

attempt by neoliberalism to overcome the structural problems of over-accumulation that have always been central to the exercise of imperialism²⁵.

The various practices of the Wall Street and of financial institutions are linked by Harvey to the national debt and nascent credit system that Marx mentions as two of the significant aspects of the process of primitive accumulation. He also links the privatization of the state enterprises to the particular forms of the process of enclosure of the commons since the taking away of the rights of a vast majority is resulting into an amassing of huge quantities of wealth at another end of the scale. These, he suggests, are still the ways to consolidate class power. While he asserts the continuance of the process of primitive accumulation, he chooses to call it by another name since the word 'primitive' conveys a sense of a distant past, of something mythical and historical about the concept. He chooses the term 'accumulation by dispossession'.

While much of Harvey's analysis emphasizes the global expansion of capitalism into the non-capitalist social formations, he also significantly draws our attention to primitive accumulation taking place within the core of capitalism. He emphasizes on privatization, through the role of the international monetary organisations and credit institutions like the IMF and gives it a place of primacy as the means used for primitive accumulation in the advanced capitalist countries. The process of actively manufacturing new realms for proletarianisation is well identified by Harvey in the global core. He traces the shift of emphasis in the techniques and global geographical preference for sites of capital accumulation from the post world war II scenario and the establishment of Fordism to the dismantling of Fordist apparatus and reorganization of capital throughout the world into various non-capitalist areas and the newer process of accumulation in the west. The neoliberal movement towards these forms of privatization began with special aggressiveness in Thatcher's England, and subsequently spread to not only Regan's US but throughout much of the world, generally imposed through organisations such as the IMF, the

²⁵ Harvey, *ibid*, p. 140-2, 149-50

World Bank, and the World Trade Organisation²⁶. He argues that accumulation by dispossession is one intensive means to try to overcome the over-accumulation crisis tendencies that have been building since the end of the Fordist era and the crisis of declining profitability that marks the period post-1970s has seen an intensification of the process of accumulation by dispossession.

A vast array of practices has been listed down that constitute the processes of primitive accumulation today. The last chapter looks at the current assertions regarding the process of primitive accumulation in some detail along with visiting some of the debates that have sought to understand the impact of penetration of imperial capital in the non-capitalist social formations. Some prominent works with regard to the effects of imperialist capital in areas, for instance, of the tribals (which have been at the receiving end of much of the forcible dispossession in the recent past) and the role that the state has been playing in such situations has been looked at. Marx had put particular emphasis on the role that the state plays in facilitating and coordinating the processes of primitive accumulation. The crucial role of colonialism in that process has been described in chapter 1. In the context of the changed scenario of the decolonization and the establishment of formally independent nations, I have sought to look at the changed role, if at all, of the states in the third world countries with respect to the accumulation drive of the capitalist nations. In other words, what has been the role of the states in under developed countries with regard to imperialism has also been explored through the writings of Andre Gunder Frank, Pierre-Philippe Rey, Ernesto Laclau, Beverly Grier, Hamza Alavi, Reeni Raatgiver, Claude Meillasoux, Peter Geshiere, R. S. Rao, Krishna Bharadwaj, etc. This discussion in my view was necessitated due to the significance of adequately grasping the nature of changes that the processes of accumulation are bringing about in the territories of accumulation. This was with a view towards exploring another line of argumentation, hitherto not so well researched and developed, which tries to place the changes in the economies of the countries of accumulation in the debate on primitive accumulation. Therefore, while primitive

²⁶ Harvey, *ibid*, p. 158-59

accumulation in England and the global west, studied by Marx, brought about fundamental and irreversible changes in the existing modes of production of those countries, does the present system of capital accumulation, which is strikingly similar to the process of primitive accumulation witnessed by the west in the fifteenth century, bring about a fundamental transition in the existing modes of production of those countries. I wish to explore the various threads of this argument as well as assimilate the other dominant contentions on the issue in order to understand the world capitalist system in all its complexity and examine the diverse ways in which it guides its strategies of accumulation in order to perpetuate itself.

CHAPTER I

'THE PRE-HISTORY OF CAPITAL': KARL MARX AND 'THE SO-CALLED PRIMITIVE ACCUMULATION'

The master: Tell me where your father's fortune comes from?

The child: From my grand-father.

The master: And what about his fortune?

The child: It came from my great grand-father.

The Master: And what about him?

The child: He took it.

J. W. Goethe, quoted by Marx in the French edition of *Capital*.

The above words capture the essence of the process that became popularly known as the primitive accumulation. It relates, in matter and substance, to the ways and means and the structural causation that resulted in the creation the world as we know it today. Only that the above demonstrated precision of thought and honesty of words has been buried under layers and layers of classical liberal justifications for the liberty, equality, and justice embodied in the 'social contract'.

One of the first mentions of the process we know as primitive accumulation was made by Adam Smith, when he asserted that “the accumulation of stock must, in the nature of things, be previous to the division of labour”¹. In this chapter I look at the concept of primitive accumulation, as Marx outlined it in his account on the ‘so-called primitive accumulation’ and try to re-look at some of the key passages in his text that have been highlighted by later scholars in their studies of the process of primitive accumulation that have endured the changes in the nature and character of capitalism and seem to have been existing well past their *age*. This chapter also delves into the ‘colonial question’ in Marx’s writings and brings out his views on the inter-relations between the capitalist system and its ‘outside’ i.e. the vast stretches of mostly colonized lands with traditional, non-capitalist social formations. Beyond that I also look briefly into the specific theoretical concept of the realisation crisis and the related aspect of the tendency of the falling rate of profit. I discuss these briefly in order to prepare the ground for the next set of discussions that would follow in the succeeding chapters which draw to some extent from Marx’s expositions on the subject.

Much of the current debate around the concept of the ‘primitive accumulation’ rests on the concepts flagged off by Karl Marx, not just in his analysis of the ‘so called primitive accumulation’, but draw from, extend and critique some of his other core concepts, primarily that of the tendency of the rate of profit to fall and the realization crisis. Apart from fuelling an interest in the study of the transition from one mode of production to another, Marx’s analysis sparked off much theoretical debate especially in the later years of the development of capitalism. The applicability of his analysis to the changing contours of the capitalist mode of production has been at the heart of much of the argumentation around the ‘continuous character of the primitive accumulation’ debate. Therefore, it becomes essential that this study delves into the concept of primitive accumulation as explicated by Marx, along with laying down the contradictions associated with

¹ Adam Smith, as quoted in Perelman, *The Invention of Capitalism: Classical Political Economy and the Secret History of Primitive Accumulation*, Duke University Press, Durham & London, 2000, p. 25

certain other central concepts of Marx's political economy that are pertinent to the later debates around the concept of primitive accumulation.

Enclosing the Commons: A Brief Survey of the Fifteenth Century England in Transition

Marx's thesis on 'the so-called primitive accumulation' appears in his book *Capital I* as an explanation for the seemingly endless and circuitous movement of reason that the study of the reproduction and of capital accumulation would lead to. According to the logic of capitalist accumulation, movement of accumulation of capital can take place only if surplus value is generated which would be converted to capital. This would entail a previous production process of which this surplus value would be a product. This cycle would go on endlessly until the source of the original capital is ascertained.

Classical political economy explained this by suggesting that the original accumulation occurred as a result of the savings made by the future capitalists. This rather simplistic explanation based itself on imagination, rather than advancing any kind of historical understanding of the problem. Michael Perelman in his book *The Invention of Capitalism* has brilliantly outlined the classical political economy and its theories down from Adam Smith, Bentham to Benjamin Franklin, and Francis Bacon and the invention of the language that obfuscated the origins of the capitalist system and legitimized the associated processes in various many ways. They attributed the original accumulation primarily to the 'frugality' of those who worked harder than others.

Althusser and Balibar call this explanation as the 'reading of absolute reversibility' where the fragments of private production are supposed to have already established themselves even before the original accumulation took place.² Marx attributes this explanation to the 'apologetic' role that the classical political economists performed for the capitalists. This explanation, he argues, attempted to rationalize the

² Althusser and Balibar, *Reading Capital*, Verso, New York, 1970, p. 277

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bourgeois right to property by basing the appropriation of the product of labour on the long held ownership of the means of production. The theoretical implications of such an explanation by the classical economists were duly summed up by Marx. He wrote,

At first, the rights of property seemed to us to be based on a man's own labour. At least, some such assumption was necessary since only commodity owners with equal rights confronted each other, and the sole means by which a man could become possessed of the commodities of others, was by alienating his own commodities; and these could be replaced by labour alone. Now, however, property turns out to be the right, on the part of the capitalist, to appropriate the unpaid labour of others or its product, and to be the impossibility, on the part of the labourer, of appropriating his own product. The separation of property from labour has become the necessary consequence of a law that apparently originated in their identity.³

The explanation of the original accumulation must lie not in the continuing structures of the current mode of production, but in the history of the origin of the capitalist mode of production, in the history of its formation. Marx called this the 'pre-history of capital' since the laws of capitalist reproduction do not operate here. Althusser and Balibar describe it as the point of rupture between the history of the formation of capital and the history of capital itself⁴.

Marx's idea of primitive accumulation is a demonstration of class struggle and focuses on the chain of historical events that transformed one set of class relations of production into another. It was an enquiry precisely into what Adam Smith had earlier called 'previous accumulation', a phenomenon which supposedly set the ball rolling for the production and the expanded reproduction of the capitalist mode of production. Marx arrived at this analysis only after a dialectical examination of the laws of development of production by capital and a more general analysis of the idea of mode of production. The vicious circle of ideas generated by the discussion

³ Karl Marx, *Capital*, Vol. I, Penguin, London, p. 583-4

⁴ Althusser and Balibar, *ibid*, p. 278

on the origin and accumulation of capital which preceded the section on primitive accumulation, moved through its commodity form to the money form and the generation of surplus value. In this circle, we always presupposed the existence of a considerable mass of capital and of labour power in the hands of the producers of commodities, even at the very beginning of capitalism. This necessitated an understanding of primitive accumulation as a phenomenon that occurred before the capitalist mode of production established itself... "an accumulation not the result of the capitalist mode of production, but its starting point"⁵. Marx identified that the origins of capitalism must be searched for in the transformation of relations of production on the land, since the peasantry was in possession of the principle means of production i.e. land, it needed to be divested of it. The 'free' wage labourers that both the industrial as well as the agricultural capital needed could only be arranged for by dispossessing the peasantry of their means of production. This primary prerequisite for the capitalist accumulation to begin was then gradually and successfully enlisted to 'faithfully' serve capital and to perpetuate it.⁶ Marx explains that the capitalist system is based on the radical separation of the producer from the means of production. Once capitalist production is established, it reproduces this separation on a continually extending scale; but as the latter is the basis of the former, it could not have been established without it. Marx summarizes the effect of various factors and writes that,

⁵ Karl Marx, *ibid*, p. 667

⁶ Evgenii Preobrazhensky, 'Peasantry and the Political Economy of the Early Stages of Industrialization' in Theodor Shanin (ed.), *Peasants and Peasant Societies*, Basil Blackwell, London, New York, p. 405

Preobrazhensky enlists the following prerequisites for capitalist accumulation:

- 1) A preliminary accumulation of capital in particular hands to an extent sufficient for the application of a higher technique or of a higher degree of division of labour with the same technique.
- 2) The presence of a body of wage workers.
- 3) A sufficient development of the system of commodity economy in general to serve as the base for capitalist commodity production and accumulation.

...in order that the capitalist system should come into existence it is therefore necessary that the means of production have already, at least in part, been seized absolutely from the producers who had been using them to realize their own labour, and that they are already held by commodity producers who use them to speculate on the labour of others. 'Primitive' accumulation, therefore, is nothing else than the historical movement which divorces labour from its external conditions, and it is called 'primitive' because it forms the prehistoric stage of the bourgeois world. The capitalist economic order emerged from the entrails of the feudal economic order. The dissolutions of the latter set free the constitutive elements of the former⁷.

Marx's *Capital* is a damning account of the liberal idea of equality and justice. It unravels the mystery behind the charmed ideas of 'all men being equals' and advances a splendid account of how the multitude of men came to inhabit this sphere of equality after being torn away from their means of subsistence and after they ceased to be the slaves, serfs, or bondmen of another. Marx observes,

...the historical movement which changes the producers into wage-workers, appears, on the one hand, as their emancipation from serfdom and from the fetters of the guilds, and this side alone exists for our bourgeois historians. But, on the other hand, these new freedmen became sellers of themselves only after they had been robbed of all their own means of production, and of all the guarantees of existence afforded by the old feudal arrangements⁸.

Labourers he argues, therefore, are free in the double sense of being able to sell their labour power to whom so ever they please and on the other hand they have to sell that labour power in order to live for they have been freed also from any control over their means of production and subsistence. Marx observes that this expropriation assumes different forms in different places and in different periods,

⁷ Karl Marx, *ibid*, p. 714-15

⁸ Karl Marx, *ibid*, p. 669

while he himself takes England as the example, where he says, it takes its "classic form". This argument is used by later economists to highlight that Marx actually did not intend to fix primitive accumulation in time and to a particular geographical site.

Marx's analysis is an exploration of certain methods, or 'forms', of primitive accumulation and by no means outlines one particular path for the transition to the capitalist mode of production. Althusser and Balibar write that there exist a plurality of processes of constitution of the structure which all reach the same result and their particularity depends on each occasion "on the structure of the historical field in which they are situated"⁹, meaning thereby on the structure of the existing mode of production. They stress that the result of the transformation process depends on the nature of historical environment and more specifically of the existing mode of production.

It has been variously pointed out that Marx's account although original and path breaking, has either overlooked or understated the other forces that drove the peasant population away from the land. Later historians have alluded to the attractions posed by the swelling employment opportunities, the better prospects offered by urbanization and industrialization which also played a significant role. But they are quick to point out that this in no way undermines or overlooks the sketch that Marx provides of the processes of industrial and agricultural revolutions, of the processes of proletarianisation, commodification and monetization, processes that were imperative for the birth and growth of capitalism.

The period that Marx describes as the 'prelude that laid the foundation of the capitalist mode of production' refers to the later fifteenth and the early sixteenth century. Serfdom was on the wane and was practically disappearing. A colossal mass of peasants were uprooted from their land, to which they had almost equal right as the lord himself, mostly by use of force, and hurled on to the labour market as the

⁹ Althusser and Balibar, *ibid*, p. 282

free labour. Marx wrote that the capitalist system demanded on the one hand, degraded and almost servile conditions of existence for the mass of the people, the transformation of them into mercenaries, and of their means of labour into capital¹⁰. The mediation by the state provided the crucial intervention for the enclosure of the commons. The state legislation provided the legitimacy for the plunder, deceit, and the looting of the peasantry. Marx points out that

...the forcible usurpation of communal property, generally accompanied by the turning of arable into pasture land, begins at the end of the fifteenth and extends into the sixteenth century. But, at that time, the process was carried on by means of individual acts of violence against which legislation, for a hundred and fifty years, fought in vain. The advance made by the eighteenth century shows itself in this, that the law itself becomes now the instrument of the theft of the people's land....the parliamentary form of the robbery is that of Acts for enclosures of Commons, in other words, decrees by which the landlords grant themselves the people's land as private property, decrees of appropriation of the people¹¹.

The rise of the price of wool in England and the growing size of the wool manufacturers provided the impetus to the evictions from the common land.

Another dimension to the evictions lay with the reformation which gave a new impulse to the ongoing process of forcible expropriation. The suppression of the monasteries ensured that the inmates joined the ranks of the proletariat. Since the Catholic church was one of the wealthiest and the largest feudal proprietors of the time, the selling of its estates at throw away prices, forced a considerable number of the peasants into penury. Among the various ramifications of the reformation, a very significant one, is highlighted by Marx when he remarks that "the immediate results of the reformation were not the most lasting ones. The property of the

¹⁰ Marx, *ibid*, p. 674

¹¹ Marx, *ibid*, p. 678

church formed the religious bulwark of the traditional conditions of landed property. With its fall, these were no longer tenable"¹².

The glorious revolution, which brought William of Orange into power, also projected the landlord and the capitalists into prominence. Marx observed that they inaugurated the new era by practicing scale thefts of state lands, that had been hitherto managed more modestly and discreetly. These estates were given away and sold at ridiculous prices, or even annexed to private estates by direct seizure. This all happened by throwing all legality and 'legal etiquette' to the wind. Marx remarks that,

the last process of wholesale expropriation of the agricultural population from the soil is, finally, the so called clearing of the estates i.e. the sweeping of men off them....so that the agricultural labourers do not find on the soil cultivated by them even the spot necessary for their own housing¹³.

Marx demonstrates the violent foundations that the world capitalist system rests on. He recounts the various processes that formed what is called the primitive accumulation: the spoliation of the church's property, the alienation of the state domains, the robbing of the common lands, the forcible usurpation of feudal and clan property, and its transformation into modern private property effected in the environment of reckless terrorism. These, he says,

...were just so many idyllic methods of primitive accumulation. They conquered the field for capitalistic agriculture, made the soil part and parcel of capital, and created for the town industries the necessary supply of a "free" and outlawed proletariat¹⁴.

¹² Marx, *ibid*, p. 677

¹³ Marx, *ibid*, p. 681

¹⁴ Marx, *ibid*, p. 685

The creation of the proletariat with 'nothing to lose' was thus ruthlessly effected and by the 19th century the cries of the expropriated peasants could no longer be heard and the connection between the agricultural labourers and the commons and the bloody process of eviction had been obliterated from public memory. The numerous, idle, poor, criminals that thronged the centres of capitalist production and trade, were understood as being criminals out of choice, the "voluntary criminals", as Marx called them. The vast population that swelled the ranks of the industrial proletariat could not be absorbed swiftly into the nascent industrial production. They were forced to turn into beggars, robbers, vagabonds, and the state passed laws, beginning with laws passed under Henry VII, against vagabondage, to "chastise the present working class for their enforced transformation into vagabonds and paupers"¹⁵. The discipline required by their new condition, the servility required by the wage system, was not to be imbibed by this new working class either with ease or with any urgency. They invited whipping, torture, and grotesque means, apart from the legislations that legitimized and legalized the vulgar violence.

The most naked and stark use of violence to whip the vagabonds into submission could not be relied upon for long. It is definitely one the most essential constitutive elements of the process of primitive accumulation that the working class had to be made to resign to the circumstances and unquestioningly accept the conditions that befell them. Marx observes,

...the advance of capitalist production develops a working class, which by education, tradition, habit, looks upon the conditions of that mode of production as self-evident laws of nature. The organization of the capitalist process of production, once fully developed, breaks down all resistance.¹⁶

¹⁵ Marx, *ibid*, p. 686

¹⁶ Marx, *ibid*, p. 689

Further, he writes,

direct force, outside economic conditions, is of course still used, but only exceptionally. In the ordinary run of things, the labourer can be left to the “natural laws of production”...it is otherwise during the historic genesis of capitalist production. The bourgeoisie, at its rise, wants and uses the power of the state to “regulate” wages, i.e., to force them within the limits suitable for the surplus value making, to lengthen the working day, and to keep the labourer himself in the normal degree of dependence. This is the essential element of the so called primitive accumulation¹⁷.

Primitive accumulation therefore is the “historical process of divorcing the producer from the means of production. It appears as ‘primitive’ because it forms the pre history of capital, and of the mode of production corresponding to capital”. Joan Thirsk writes that,

After enclosures, when every man could fence his own piece of territory and warn his neighbors off, the discipline of sharing things freely with one’s neighbors was relaxed, and every household became an island unto itself. This was the great revolution in men’s lives, greater than all the economic changes following enclosures.¹⁸

The origin of the ‘free’ proletariat and that of the capitalist are a part of two different histories, and it seems relatively independent of each other. Marx after laying out the history of the separation of the labourer from the means of production, writes in the *Pre-Capitalist Economic Formations* that,

...these, then, on the one hand, are the historical presuppositions for the labourer to be found as a free labourer, as objectiveless, purely subjective labour power, confronting the objective conditions of production as his non-

¹⁷ Marx, *ibid*, p. 689

¹⁸ Joan Thirsk, ‘Enclosing and Engrossing’ as quoted in Perelman, *ibid*, p. 13

property, as someone else's property, as value existing for itself, as capital. On the other hand, we must now ask what conditions are necessary for him to find a capital confronting him¹⁹.

From here Marx goes on to the analysis of the genesis of the capitalist farmer. He remarks, "the question remains: whence came the capitalists originally? For it is clear that the expropriation of the agricultural population creates, directly, none but great landed proprietors"²⁰ It was necessary for him to trace the history of not just capital, but capital as money-capital. But Marx notes twice in *Capital*, that "for its part, the history of money capital does not give the 'free' labourer"²¹. In his text *Pre-Capitalist Economic Formations*, he writes,

...the mere existence of monetary wealth, even its conquest of a sort of supremacy, is not sufficient for this dissolution to result in capital. If it were, then ancient Rome, Byzantium, etc., would have concluded their history with free labour and capital, or rather, they would have begun a new history. There the dissolution of the old relations of property was also tied to the development of monetary wealth- of commerce, etc. However, in fact the result of this dissolution was not industry, but the domination of the countryside over the city... Its [capital's] original formation occurs simply because the historical process of the dissolution of an old mode of production allows value existing in the form of monetary wealth to buy the objective conditions of labour on the one hand, and to exchange the living labour of the now free workers for money on the other. All these moments are already in existence. What separates them out is a historical process, a process of dissolution, and it is this which enables money to turn into capital²².

¹⁹ Althusser and Balibar, *ibid*, p. 280

²⁰ Althusser and Balibar, *ibid*, p. 280

²¹ Althusser and Balibar, *ibid*, p. 280-1

²² Karl Marx, as quoted in Althusser and Balibar, *ibid*, p. 281

David Harvey briefly outlines the line of argumentation advanced by Marx as “the story of how bailiffs became sharecroppers became tenant farmers and then came to pay ground (money) rent to the landlords”²³. Marx points out that this process of monetization and commodification underpinned an “agricultural revolution” on the land, which permitted capital to command the soil in certain ways. Agricultural revolution had a double edged impact. Not only did it set free means of subsistence formerly consumed on the land directly, it commoditized the food supply. Since the subsistence economy was uprooted, the market for goods and commodities grew. This strengthened the domestic market, which was growing otherwise too because of the destruction of the artisanal and household trades, both in India and Britain. This integration with colonialism and the growing domestic market, paved the way for capitalism to take root and for the emergence of the industrial capitalist who assumed the ever most important role from the merchant’s capital, the usurer’s capital, the bankocracy (finance capital), and landed capital. The barriers to the slave trade and to the growing quantity of money capital into industrial capital were being fast removed. Industrial capital was firmly entrenching itself and challenging the power of the guilds.

Having listed out the above historical tendencies observed by Marx, he does little as to mark out once and for all, the road to capitalist mode of production. Marx’s account of the primitive accumulation points well towards the number of changes that characterized the period of the movement towards capitalism. It also highlights, very crucially, the not so pronounced linkages between the processes that led to the formation and maturation of the two very salient constitutive elements of the capitalist mode of production, those we have considered above, namely, the divorcing of the peasant from the means of production and the emergence of the industrial capitalist. Althusser and Balibar write that the elements combined by the capitalist structure have different and independent origins. It is not one and the same movement which makes free labourers and transferable wealth. On the

²³ David Harvey, *A Companion to Marx’s Capital*, Verso, London, 2010, p. 297

contrary, in the examples analysed by Marx, the formation of free labourers appears mainly in the form of transformations of agrarian structures, while the constitution of wealth is the result of merchant's capital and finance capital, whose movements take place outside those structures, 'marginally', or 'in the pores of society'. Thus, "the unity possessed by the capitalist structure once it has been constituted is not found in its rear".²⁴

Further, they have made certain very pertinent observations which have become a key element of any close reading of Marx's concept of primitive accumulation. They mention that in his text *Pre Capitalist Economic Formation*, Marx describes three distinct forms of constitution of the free labourer, which constitute different historical processes, correspond to specific earlier forms of property. They also point out that Marx similarly describes three distinct forms of the constitution of money capital. Marx observes a three-fold transition: First, the merchant becomes directly an industrial capitalist. This is true in crafts based on trade, especially, crafts producing luxuries and imported by merchants, together with raw materials and labour from foreign lands, as in Italy from Constantinople in the fifteenth century. Second, the merchant turns the small masters into his middlemen, or buys directly from the independent producer, leaving him nominally independent and his mode of production unchanged. Third, the industrialist becomes a merchant and produces directly for the wholesale market.²⁵

This observation highlights the significant fact that Marx's exposition on the primitive accumulation constitutes what Althusser and Balibar call the "genealogy of capital". It therefore can best be characterized as a fragmentary analysis which fundamentally depended on the presuppositions of the capitalist mode of production which were thought of on the basis of its structure, and on the historical conditions which happened to fulfill those presuppositions. This is not to highlight

²⁴ Althusser and Balibar, *ibid*, p. 281

²⁵ Althusser and Balibar, *ibid*, p. 282-3

the significance of chance, but to suggest that Marx's analysis of the coming into being of the capitalist mode of production and of its constitutive elements indicates and highlights the broad tendencies that historically appeared and contributed to the formation of the same. The analysis also marks out that the formation of capitalist mode of production is completely indifferent to the origin and genesis of the elements which it needs, 'finds' and 'combines'.²⁶ Most significantly, Althusser and Balibar write, "thus it is impossible for the reasoning whose movement I have retraced to be looped into a circle: the genealogy is not the other side of the genesis. Instead of reuniting the structure and the history of its formation, the genealogy *separates* the result from its pre-history"²⁷. We would come back to this particular remark later on in our discussion, as it foregrounds much of the debate on the concept of primitive accumulation as we witness it in our times.

Marx's idea of the primitive accumulation provided to us the 'missing link' in the story of the birth of capitalism. But it was only much later that the process of disintegration of feudalism and feudalism²⁸ itself was looked at and studied as a dynamic mode of production in its own right. In the first half of the twentieth century, great deal of historical research went on in order to study the particular

²⁶ Althusser and Balibar, *ibid*, p. 283

²⁷ Althusser and Balibar, *ibid*, p. 283

²⁸ Rodney Hilton, *The Transition from Feudalism to Capitalism*, Aakar, New Delhi, 2006, p. 30

Hilton notes on Feudalism:

"Marx while writing about feudalism was using the term in a way which would have been, to some degree, familiar to his contemporaries, that is to describe a whole social order whose principle feature was the domination of the rest of the society, mainly peasants, by a military, landowning aristocracy. By analogy with his full analysis of the capitalist mode of production... we refer to the feudal mode of production as composed of the forces of production (the material basis of the productive process) and the relations of production (the relations between the main classes). The essence of the feudal mode of production in the Marxist sense is the exploitative relationship between the landlords and subordinated peasants, in which the surplus beyond subsistence of the latter, whether in direct labour or in rent in kind or in money, is transferred under coercive sanction to the former."

aspect of the beginning of the capitalist mode of production and into studying the nature and the particular characteristics of the feudal mode of production in Western Europe. Marx's account of the genesis of the capitalism sufficiently provoked the historians of later years, both Marxist and non-Marxist, to study the causes of the decline of the feudal mode of production. What had also come into prominence was the debate on the transition from feudalism to capitalism, a debate which arose based on the later research of non-Marxist historians, mainly Henry Pirenne, extending a thesis which asserted the significance of the 'outside push' to a largely stagnant feudal system from international trade and mercantile activity. The debate not only re-asserted the primacy and theoretical salience of Marx's analysis while contributing greatly to it, it also generated an abiding interest in studying the transition, especially in the context of the surviving feudal modes of production elsewhere in the world. We would not delve into the aspect of the contributions made by the transition debate to further enrich, or critique Marx's treatment of the question of primitive accumulation, even though the debate produced some insights of supreme relevance, generating an abiding interest in scholars to study the movement of the feudal mode of production in all its complexity.

Karl Marx: On the 'Colonial Question'

Tracing the beginnings of the capitalist mode of production by Marx brings out the salience of the state in the process of the transition to the new mode of production. The story of the changing nature of the state, along with the rise of the industrial capitalist and the emergence of the modern nation state provides one of the best elucidations for the changing contours of the capitalist mode of production, including the history of its formation. Fundamentally linked to this was the process of colonialism. Marx wrote about the rise of the money economies in Europe and argued that they provided the first impetus for the desperate hunt for gold and laid the foundation for the colonial project. Aijaz Ahmad writes that organisation of foreign conquests beyond the seas played a key role in the consolidation of major states within Europe as it was made possible only because of the concentration of

power and resources accruing as a result of the colonial expansion, while the wealth that was obtained through colonial conquests in turn played a key role in stabilizing the new types of courts, armies, bureaucracies, and an all together new kind of bourgeoisie, while it eventually contributed to the industrial revolution itself.²⁹ He further argues the internal warfare in the disintegrating feudal order of the Western Europe came to be financed by the colonial wealth. He writes that the same process also provided the impetus for enclosing specific territories into consolidated monarchical realms, often through brutal warfare. Therefore the foundations for the modern nation state in Europe were laid in the period of absolutism, with a significant impetus provided by the colonial conquests.³⁰ Engels greatly emphasized the historically necessary role that monarchy played in guaranteeing the rise of the burghers against the feudal classes and in obtaining stable territorial states. He regarded the role of the monarchy as very progressive since it stood for order amid chaos that marked the disintegrating feudal system of the times. He perceptively remarks that the first victory over the feudal classes was secured not so much by the bourgeoisie as by the monarchy. This provided one of the first Marxist perspectives on the state in the transition to capitalism.

Engels argues in *On Decline of Feudalism and the Emergence of National States* against the positive intervention made by colonialism in the so-called development of the pre-capitalist economies of Asia and Africa. He argues that in India and many other parts of Asia and Africa, where colonialism largely destroyed the classic pre-capitalist formations, it was precisely the colonial structure itself which prevented the rise of fully fledged, authentic bourgeois class of the sort that arose in the core countries of what then became advanced capitalism. This insight was later systematically developed by Marxists in the age of imperialism and in elaborating on the question of the role of colonial and imperial capital in the pre-capitalist economies. We would deal with those studies and responses later on in this study as

²⁹ Aijaz Ahmad, *On the National and Colonial Question*, Leftword, New Delhi, 2001, p. 4-5

³⁰ Ahmad, *ibid*, p. 5

it forms the starting point for entering into the current debate on the concept of primitive accumulation. Marx too, in *Capital* Volume I, while writing about the genesis of the industrial capitalist emphasizes the centrality of the colonialism in the phase of primary capital accumulation within Europe. "In England at the end of the seventeenth century", Marx writes, "they arrive at a systematic combination, embracing the colonies, the national debt, the modern mode of taxation, and the protectionist system. These methods depend in part on brute force, e.g., the colonial system. But they all employ the power of the state"³¹. He illustrates this by giving examples of the transfer of wealth from India to Britain, as well as of the brutalities of murder and extortion in the Americas. But he accords an almost equal centrality to the state protectionist policies, taxation systems and legal structures deemed necessary for 'manufacturing the manufacturers' and for 'capitalizing the national means of production'. Aijaz Ahmad argues that it is precisely through these economic structures and political processes that territorial nations become nation-states.³²

For some years, Marx had hoped for a progressive role on the part of the capital penetrating the pre-capitalist modes of production. He had hoped that British rule would help destroy the caste system and lay the foundations for capitalism. It was only after he lost faith in the industrializing mission of the colonial capital in India that colonialism could be declared, unequivocally, 'a bleeding process' as he was to later characterize British colonialism in India. Marx and Engels thought of the colonial destruction of the old order in these economies as a 'revolutionary' element, just like they had thought of the development of capitalism and the consequent destruction of the feudal order within Europe as 'revolutionary'. Marx wrote that British colonialism was serving as an "unconscious tool of history" in India. He believed that England was to fulfill a double mission in India: one destructive, the

³¹ Karl Marx, as quoted in Ahmad, *ibid*, p. 5

³² Ahmad, *ibid*, p. 5-6

other regenerating- the annihilation of the old Asiatic society, and the laying of the material foundations of Western society in India.

Marx's initial views on the role of the colonial capital in India reflected this understanding of his. The introduction of railways, for instance, was initially hailed as the forerunner of the modern industry in India. Something, introduced, without doubt, for extracting the natural wealth of the country, but once introduced it would initiate a logic of its own which would "dissolve the hereditary division of labour, upon which rest the Indian castes, those decisive impediments to Indian progress and Indian power"³³.

Alongside this, he also was simultaneously bringing out the other side of the British colonialism in his correspondence with Engels wherein he wrote that "the profound hypocrisy and inherent barbarism of bourgeois civilization lies unveiled before our eyes, turning from its home, where it assumes respectable forms, to the colonies, where it goes naked".³⁴ Later on his understanding underwent a change, whereby he became much less enthusiastic even about the 'unconscious' role of colonialism that could unproblematically be called 'revolutionary'. By the time he came to formulating the genesis of the industrial capitalist in *Capital* he only spoke of the plunder of India and connected it with the central role of colonization in the process of primitive accumulation. Then, as the real results of colonization came into view, Marx seems to have begun to abandon all hopes that colonialism could play much of a 'constructive' role, as is evident from his outraged comment in a letter written later in his life:

In India serious implications, if not a general outbreak, are in store for the British government. What the British take from them annually in the form of the rent, dividends for railways useless for the Hindus, pensions for the military and civil servicemen, for Afghanistan and other wars, etc., etc., -what they take

³³ Karl Marx, 'Future Results Of The British Rule In India', in *On the National and Colonial Questions*, Leftword, New Delhi, 2001, p. 73

³⁴ Ahmad, *ibid*, p. 18

from them *without any equivalent* and *quite apart* from what they appropriate to themselves annually within India, -speaking only *of the value of the commodities* that the Indians have to gratuitously and annually send over to England -it amounts to *more than the total sum of the income of the 60 million of agricultural and industrial labourers of India*. This is a bleeding process with a vengeance". Therefore, Marx later exclaimed that "All the English bourgeoisie may be forced to do will neither emancipate nor materially mend the social conditions of the masses of the people... The Indians will not reap the fruits of the new elements of society scattered among them by the British bourgeoisie, till in Great Britain itself the new ruling classes shall have been supplanted by the industrial proletariat, or till the Hindus themselves shall have grown strong enough to throw off the English yoke altogether.³⁵

What Marx thought were the preconditions for the 'mass of the people' to even start reaping any sort of 'benefit from the new elements of society', included, a socialist revolution in Britain, a nationalist revolution in India, and the break-up of the caste system in India. The only beneficial aspect of the colonial rule for India, Marx believed, would be that it would provide the basis for the emancipation and material upliftment of the Indians. He wrote,

...all the English may be forced to do will neither emancipate nor materially mend the social condition of the mass of the people, depending on the development of the productive powers, but on their appropriation by the people. But what they will not fail to do is to lay down the material premises for both. Has the bourgeoisie ever done anything more? Has it ever effected a progress without dragging individuals and peoples through blood and dirt, through misery and degradation?³⁶

It is this supposedly disguised paltry benefits that the colonial rule accidentally provides to the colonized populations that Marx speaks of, having shed the illusions

³⁵ Ahmad, *ibid*, p. 19

³⁶ Karl Marx, *ibid*, p. 73

of the progressive role that the colonial capital might play in those parts of the world. Even though Marx's ideas on colonialism still were far from being thoroughly researched and fully developed. One of the most significant reason for that would be the time Marx inhabited was witness only to the beginnings of the process of colonialism. Still, it is now widely accepted that the contention which had emerged with regard to some of Marx's comments on the subject that he seemed to have held an optimistic view of colonialism, now stand profoundly challenged. For the purpose of our current study, the relation that Marx established between the process of primitive accumulation and the role of the state along with the centrally connected process of colonialism, provides to us the crucial link that we would be exploring further in the next two chapters in the light of the later developed thesis and debates on the nature of the colonial capital, effects produced by the same in pre-capitalist societies and the primary causes for the movement of capital to distant lands with pre-capitalist social formations.

Engels had ingeniously described the changes produced by the travelling colonial capital when he wrote "the bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilization. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians' intensely obstinate hatred of the foreigners to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image"³⁷. Marx adds that "we must not forget that they are only the organic results of the whole system of production as it is now constituted. That production rests on the supreme rule of capital. The centralization of capital is essential to the existence of capital as an independent power. The destructive influence of that centralization

³⁷ Frederick Engels, 'On the Decline of Feudalism and the Emergence of National States' in *On National and Colonial Questions*, Leftword, New Delhi, 2001, p. 21

upon the markets of the world, does but reveal, in the most gigantic dimensions, the inherent organic laws of political economy”³⁸.

Capital Accumulation & the So-Called ‘Realisation Crisis’ in Marx’s Theory

This brings us to some of the key concepts employed by Marx to understand and study the laws of the capitalist mode of production, the laws which govern the operation of the capitalist system and form the basis of the reasoning as regards the need for capital to venture into areas hitherto untouched by it. Some of these ideas have been the basis of some later theories developed by some of the Marxists, for instance, Lenin, Luxemburg, Baranowski, Hilferding, and others. We would briefly sum up Marx’s explanation of these concepts and the problems encountered by those concepts in the wake of the subsequent developments in the history of the world capitalist system.

The concept of the accumulation of capital explicates the unfolding of the changes that take place once the initial/original accumulation has been effected. Marx explains that once the immense effort required in order to unleash the ‘eternal natural laws’ of the capitalist mode of production has been made successfully, the governing logic of capital takes over- the process of capitalist accumulation. Accumulation forms the essence of capital, which is independent of the subjective preferences and independent beliefs of the individual capitalists. It is of utmost importance to note what Marx had pointed out as the mistake made by the classical political economists. They assumed that the entire surplus value which is transformed into capital goes to form variable labour. Marx pointed out that it is transformed into constant (means of production) and variable capital. This is most crucial in Marx’s scheme of the reproduction of capital since the tendency of the constant capital to grow much faster than the variable capital lies at the heart of the concepts such as the tendency of the falling rate of profit and explains the occurrence of crisis in the capitalist system.

³⁸ Karl Marx, *ibid*, p. 74

The process of the accumulation of capital accelerates the process of the increase in machinery in lieu of the workers, in other words, the supplanting of the workers by the machinery, gives rise to what Marx called the 'reserve army of labour', it increases the 'relative surplus' of the workers along with 'capitalist over-population'. This helps capitalists to expand production at an enormous rate. The 'historical tendency of capitalist accumulation' Marx argues is the expropriation of the immediate producers. This was accomplished with vandalism, to say the least. Self earned private property is supplanted by capitalistic private property, which rests on the exploitation of the nominally free labour of others. This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralization of capital. This centralization develops on an ever extending scale the cooperative form of the labour process based on the principles of science. It uses the scientific methods for cultivation of the soil and ensuring the economizing of all means of production by their use as the means of production of combined, socialized labour. This in short Marx called the "the international character of the capitalistic regime"³⁹.

Competition ensures that the individual capitalists accumulate capital more than the initial capital invested. Capital, which is self-expanding value, must be preserved and the mechanisms of competition ensure that preserving just the initial value does not suffice. At different stages of development of capital, competition operates in different ways.⁴⁰ Initially accumulation takes place through the transformation of the relations of production to create wage labour. Thereafter, it seeks to expand the work force, provide it with ever increasing amounts of raw materials, and provide it with economies of scale. Capital accumulation assumes the tendency of concentration of capital and its centralization. An advanced credit system facilitates

³⁹ Karl Marx as quoted in Lenin, *Karl Marx*, Foreign Languages Press, Peking, 1976, p. 29

⁴⁰ Tom Bottomore, Lawrence Harris, V G Kiernan, Ralph Miliband (Ed.), *A Dictionary of Marxist Thought*, Maya Blackwell, Indian Reprint, 2000, p. 2

this process and leads to accumulation both in production of capital and in the financial system.

The process of accumulation does not either ensure or presuppose a smooth, peaceful, or harmonious movement. Quite the contrary, Marx points out that it would be interspersed with crisis, and as the subsequent history of Capital would reveal to us, bloody, barbaric and brutal. Other closely associated tendencies have been- first, of these was initial effect of the technical change in displacing labour, with the resulting effect of augmenting the industrial reserve army. The other tendency is the law of the tendency of falling rate of profit that necessitates intense exploitation of the wage labour and a continuous enlargement of the reserve army of labour to arrest the process of the falling rate of profit and the longer term economies of scale.

The increase in the productivity of labour implies a more rapid growth of constant capital as compared with variable capital. And since surplus value is a function of variable capital alone, it is obvious that the rate of profit (the ratio of surplus value to the whole capital, and not to its variable part alone) tends to fall. From these indisputable trends, Marx deduced the law of the 'falling rate of profit'. Accumulation, by itself, operates to increase the demand for labour power and hence to raise wages. Other things being equal, such a rise in wages leads to a reduction in the rate of surplus value, and this in turn expresses itself in a fall in the rate of profit. However, the capitalists do not just submit to this tendency which their own accumulation brings about. They try various means to arrest it, through the introduction of machinery and other labour saving devices to maintain the rate of profit at its former level or even to raise it above its former level. Some of them include the cheapening of the elements of constant capital, raising the intensity of exploitation of workers, depression of wages below their value, relative over population, foreign trade, export of capital, formation of monopolies, state action designed to benefit capital, and so on. Among the additional factors that work to

lower the rate of profit include the formation of trade unions, and state action designed to benefit labour, among others.

Apart from the controversy over the falling rate of profit, discussion since the turn of the century has centered around two questions: the place to be occupied in his theory by the so-called 'realisation problem' and modern imperialism and its association with concentration of capital and monopoly. In Marx's *Capital* there are two references to the problem of 'realising surplus value' (a problem arising from insufficiency of demand for what has been or could have been produced), but no more than this, and these references are inconclusive. They include the much quoted passage in volume III to the effect that "the last cause of all the real crisis always remains the poverty and restricted consumption of the masses as compared to the tendency of capitalist production to develop the productive forces in such a way, that only the absolute power of consumption of the entire society would be their limit"⁴¹. The under-consumptionist argument does stand out in this passage.

The more general answer to the under-consumptionists came from J B Say known as the Say's Law. This was to the effect that exchange was basically exchange of goods against goods, and that the production and supply of more of any one commodity automatically created additional demand for others to be exchanged against it. Thus while there could be over production of particular goods whose production has been increased temporarily in excess of others, there could not be general over production of all commodities. Marx criticized this as it failed to notice that money mediated between the two halves of any commodity transaction and there was no automatic reason for the first half always to be completed by the second. There could well be a tendency to hold the proceeds of the former as money, especially where expectations of profit were involved, without these money receipts being spent on procuring another

⁴¹ Karl Marx, as quoted in Maurice Dobb, 'Marx's Critique of Political Economy', in Eric J. Hobsbawm (ed.), *The History of Marxism: Marxism in Marx's Day*, Harvester Press, Brighton, 1982, p. 91

commodity. Yet he nowhere developed in detail the question of what circumstances might cause such additional purchase of goods or of labour power.

Later, this very aspect of Marx's political economy was sought to be developed by many Marxists, most prominently Rosa Luxemburg, and it was used to constitute a theoretical explanation for imperialism. We would deal with that explanation and the contentions that emerged around that proposition in the next chapter.

CHAPTER II

'IMPERIALISM AS PRIMITIVE ACCUMULATION?':

READING ROSA LUXEMBURG AND V. I. LENIN

After having looked at Marx's account of primitive accumulation in detail, including his ideas on colonialism and some of his theoretical concepts, this chapter would introduce Rosa Luxemburg's arguments on the question of primitive accumulation. Since they foreground much of the discussion in the recent times on this particular question, it would be of significance to look into them in detail. A discussion in Lenin has also been included in this chapter. At the time Luxemburg formulated her theory on primitive accumulation, it had generated a debate in the socialist circles of the time. Lenin's contribution to that debate stands out as one of value. It summarizes and includes the thesis advanced by some of the leading political economists of the time, including Rudolf Hilferding, Karl Kautsky, Tugan-Baranowsky, and others. His influential thesis on imperialism too has been discussed in some detail in order to outline Lenin's criticism of Luxemburg and to understand the logical progression of the debate into the present times.

Introducing the 'New Problematic': Luxemburg and Capital Accumulation

Revisiting the questions and debates raised by Rosa Luxemburg a century and a half back invite us to not only look at her analysis of the process of primitive accumulation, but also, and more centrally so, her formulations with regard to

imperialism and the effect of capital penetration in non-capitalist modes of production to the indigenous social formations. This makes this debate one of immense relevance to the contemporary attempts at theorization of the various complexities associated with any study of imperialism. Not only this, it would be of vast consequence for the analysis of the non-capitalist economies today. The current contentions around the process of primitive accumulation borrow a great deal from the contribution made by Rosa Luxemburg to the understanding of imperialism and the inferences that she sought to draw from her formulations on the nature, character and scope of the world capitalist system.

Luxemburg desired to publish a theoretical solution to what she believed were two paradoxes in Marx's *Capital* Vol. II. The first was that in Karl Marx's 'reproduction schema', it was impossible to explain permanent increasing output, i.e. accumulation. The second paradox proved to be even more challenging.¹ In the 1890s, 'young Russian Marxists' successfully established not only that Marx's schema – with slight corrections – could in fact be used to explain an accelerated process of reproduction – but that, in addition, the capitalist mode of production could generate within its own sphere, i.e. as a 'closed system', unlimited demand. The capitalists themselves would solve the 'realisation problem' as long as the process of accumulation goes on and on uninterrupted².

According to Marx, the value of every commodity, and hence also the total value of all commodities, is made up of constant capital (raw and auxiliary materials, depreciation of machinery, etc.) plus variable capital (wages) plus surplus value (profit, interest, and rent). At the same time, since all commodities can be classified

¹ Arndt Hopfmann, 'The Accumulation of Capital in Historical Perspective' in Patrick Bond, Horman Chitonge and Arndt Hopfmann (ed.), *The Accumulation of Capital in Southern Africa: Rosa Luxemburg's Contemporary Relevance*, Rosa Luxemburg Foundation, Johannesburg, 2006, p. 17

² Hopfmann, *ibid* p. 17

as either means of production or consumer goods, it follows that production can be divided into two departments, Department I producing means of production and Department II producing consumer goods. Now it is obvious that if the system is to function without hitches, not only must total demand equal total supply but also the demand for the products of each department must equal the output of that department.³ In the case of what Marx called Simple Reproduction- that is to say, a state of affairs in which everything remains unchanged from one year to the next- these conditions are evidently met if the constant capital used up in both departments equals the output of Department I, and the income of workers and capitalists of both departments (which must be wholly consumed for conditions to remain unchanged) equal the output of Department II.

Marx used a simple and highly generalized equation to explain the process of reproduction under capitalism; the formula:

$$c + v + s = P$$

P = the overall value of the products generated in a certain period of time;

c = the value of the capital constant, i.e. the material means of production that have been used to produce the output P;

v = the value of labour, i.e. the social labour time necessary to maintain the work force during that given period of time;

s = the surplus value produced by the workers and appropriated by the capitalist owners of the means of production.⁴

Luxemburg tried to implement this formula, which obviously works without any problems as long as capitalist reproduction occurs in a static way. But this could not be used to describe the normal process of reproduction under capitalism, which is accumulation by way of a permanent extension of the scope of production. And here Luxemburg discovered that the formula of Marx – which is based on the assumption

³ Paul Sweezy, *The Theory of Capitalist Development: Principles of Marxian Political Economy*, Monthly Review Press, New York and London, 1970, p. 77-8

⁴ Hopfmann, *ibid*, p. 18

that the whole society only consists out of two social groups, workers and capitalists – could not provide an explanation as to who is purchasing the additional commodities that constitute the surplus value. Without the realisation of this surplus value, i.e. its transformation from commodities (the form in which the surplus value is produced as a result of a material process) into money (the general form of value), a capitalist would lose any incentive to accumulate.

The difference between Simple and Expanded Reproduction is that in the latter capitalists do not consume their entire income but instead save a part and invest in additional variable and constant capital. The output of Department I is now greater than the amount of constant capital used up in the two departments, and the new workers employed by the additional variable capital generate a growing need for consumer goods. As surplus value increases, capitalists will also be able to consume more without encroaching on the sources of accumulation. In Expanded Reproduction, therefore, all the magnitudes will increase simultaneously, and there need be no hitches provided only that the proper proportions are maintained. These proper proportions can be expressed in equilibrium conditions similar to those given above for the case of Simple Reproduction. She did not argue that there was anything wrong with the scheme of Expanded Reproduction as such, and she recognized in a number of passages that in a planned socialist society the course of development would follow more or less closely the pattern depicted in the scheme. But she emphatically denied that the scheme was a faithful reflection of capitalist reality.

The first paradox therefore seems to be that by using the schema given by Marx, the normal state of a capitalist economy, its permanent increasing output, i.e. accumulation, could not be properly explained at all. Thus, to answer the crucial question ‘Where is this continually increasing demand to come from...?’ became the objective of Luxemburg’s treatise on the accumulation of capital.

Paul Sweezy⁵ argues that this was at the heart of Rosa Luxemburg's criticism of the Marxian system, and it is important to understand the nature and grounds of her argument. According to Rosa Luxemburg, accumulation can take place only after capitalists have sold the commodities in which their surplus value is embodied. Just as in the case of the individual capitalist, so for the capitalist class as a whole- she argued- surplus value must be "realized," that is, turned into money, before it can be used to buy additional labor power and constant capital. But where are the purchasers? In part, the answer is that the capitalists, in order to satisfy their own consumption requirements, realize each other's surplus value. But if we say that the entire surplus value is realized in this way, we are back in Simple Reproduction. Who, Rosa asks, is to buy the products which comprise the other, capitalized portion of surplus value? According to the reproduction scheme, she notes, the answer is "partly the capitalists themselves, to the extent that they invest in new means of production for the purpose of expanding output, and partly the new workers who are needed to put the new means of production into operation"⁶. This might seem to be a logical solution to the problem, but Rosa holds that it does not apply to capitalism. "In order to combine new workers with new means of production", she continues, "one must have, capitalistically speaking, a prior purpose for the expansion of production, a new demand for the products which are to be turned out."⁷ The problem, therefore, boils down to this: Where, within the framework of the capitalist system, is this new demand to come from? And Rosa Luxemburg finds that there is no answer.

The idea that increasing consumption by the capitalists themselves will provide the necessary new demand she regards as too absurd to require refutation. A more plausible answer would be that the new demand comes from the natural increase in population, and Rosa concedes that in a socialist society this would indeed be the

⁵ Paul Sweezy, 'Rosa Luxemburg: Accumulation of Capital' *Science & Society*, Vol. 31, No. 4, A Centenary of Marx's "Capital", 1967, p. 474-485

⁶ Rosa Luxemburg, 'Accumulation of Capital', Routledge, London, 1963, p. 133

⁷ Luxemburg, *ibid*, p. 133

starting point for expanded reproduction. Another possibility is that the professionals (doctors, lawyers, civil servants, soldiers, etc.) should provide the demand. But, she argues, their incomes are merely subtractions from wages and surplus value; they add nothing to total demand, nor can they raise it over time.

In this fashion, writes Sweezy, she comes to the conclusion that surplus value must unconditionally pass through the money form; it must shed the form of surplus product before assuming it again for the purposes of accumulation. But who and where are the buyers of the surplus product of Departments I and II? Merely to realize the surplus product of I and II, there must exist, according to the arguments presented above, a market outside I and II. If the realized surplus product is to serve the purpose of expanded reproduction, of accumulation, there must be a prospect of still larger markets in the future which must also lie outside I and II. Therefore, accumulation can take place only to the extent that markets outside I and II grow.

Luxemburg goes over this ground many times and at length. The above presents the gist of her argument. The difficulty with the Marxian system, she believed, was that Marx never solved the contradiction of the incompatibility of Expanded Reproduction and pure capitalism.

The title of the last section of her book points to what Luxemburg regarded as the source of Marx's difficulty. Following in the footsteps of the classical economists before him, he had based his whole theoretical structure on the assumption of what may be called a "pure" capitalist system, that is to say, one consisting exclusively of capitalists and workers. This, according to Luxemburg, was fully justified in the analysis of individual capitals and also in the analysis of Simple Reproduction. It was natural enough to base the analysis of Expanded Reproduction on the same assumption, and Marx, as well as all the other authors dealt with by Luxemburg, did so. But closer examination showed that this led to an impasse. Expanded Reproduction was impossible with only capitalists and workers as buyers, and all attempts to find a way out while retaining the assumption of pure capitalism led nowhere.

On the basis of this reasoning, the conclusion seemed unavoidable to Luxemburg that the assumption would have to be dropped and the problem of accumulation would have to be analyzed within a framework defined by the actual historical conditions surrounding the rise and development of capitalism. Among these historical conditions two seemed to Rosa to be of outstanding importance: First, the existence of non-capitalist countries alongside the capitalist ones; and second, the presence inside even the predominantly capitalist countries of non-capitalist population strata (peasants, handicrafts, etc.). These two conditions defined what she called the non-capitalist milieu or environment of the capitalist system, and it was this environment which provided the needed buyers who, she thought were missing from a pure capitalist system. This, then, was Luxemburg's solution to the "difficulty," and she devoted the rest of her work to explaining its modus operandi and its consequences.

Capitalism as a whole, she argued, both lives off its non-capitalist environment and in the process destroys it, that is to say, sucks it into the sphere of influence of capitalism. And each capitalist country fights tooth and nail for the largest possible share of the non-capitalist market. She wrote, "the general result of the struggle between capitalism and simple commodity production is this: after substituting commodity economy for natural economy, capital takes the place of simple commodity economy. Non-capitalist organisations provide a fertile soil for capitalism; more strictly: capital feeds on the ruins of such organisations, and although this non-capitalist milieu is indispensable for accumulation, the latter proceeds at the cost of this medium nevertheless, by eating it up. Historically, the accumulation of capital is a kind of metabolism between capitalist economy and those pre-capitalist methods of production without which it cannot go on and which in this light it corrodes and assimilates...for capital, the standstill of accumulation means that the development of the productive forces is arrested, and the collapse of capitalism follows inevitably as an objective historical necessity"⁸.

⁸ Luxemburg, *ibid*, p. 416-7

This brings in primitive accumulation as the process of destruction of natural economies throughout the world. She believed that capital would not be able to accumulate without the aid of non-capitalist organizations. Nor could capitalism tolerate their continued existence side by side with itself. She therefore believed that it was only through the continuous and progressive disintegration of non-capitalist organizations that accumulation of capital could be made possible.⁹

Luxemburg distinguished three phases of primitive accumulation all of which are brought about by the application of force. They included the struggle of capital against natural economy, the struggle against commodity economy, and the competitive struggle of capital on the international stage for the remaining conditions of accumulation¹⁰. Luxemburg argued that capitalist extended reproduction required free access to ever fresh sources of raw materials arising from either new or increased needs, as well as to replace depleted sources.¹¹

She argues that capitalist systems of production and reproduction originated in, developed from, and have always utilized non-capitalist systems as sources of labour, materials for production and as markets to absorb surplus value. The nature of this relationship depended on the nature of the non-capitalist economy. To the natural economy, in whatever form it appeared, there is only one form of response – its exploitation leading to its destruction. She argues that there are no features which capitalist production can utilize in a natural economy and therefore in order to gain possession of its means of production i.e. the land, and its labour, and as a market for its goods, the natural economy has to be terminated. She links this to the era of primitive accumulation as feudal forms were undermined and transformed. Similar processes were taking place at the time Luxemburg was writing by means of

⁹ Luxemburg, *ibid*, p. 416

¹⁰ Luxemburg, *ibid*, p. 368

¹¹ Deborah Fahy Bryceson, 'Primitive Accumulation and Imperialism in Relation to the Reproduction Of Third World Peasantries', p. 103

'modern colonial policy'. There was no question, in the age of imperialism, of waiting for market forces to bring about the changes capital required. While elaborating the invasion of colonial powers in the areas of non-capitalist mode of production and writes,

Each new colonial expansion is accompanied, as a matter of course, by a relentless battle of capital against the social and economic ties of the natives, who are also forcibly robbed of their means of production and labour power. Force is the only solution open to capital; the accumulation of capital, seen as an historical process, employs force as a permanent weapon, not only at its genesis, but further on down to the present day. From the point of view of the primitive societies involved, it is a matter of life or death; for them there can be no other attitude than opposition and fight to the finish - complete exhaustion and extinction. Hence permanent occupation of the colonies by the military, native risings and punitive expeditions are the order of the day for any colonial regime.¹²

The rise of protectionism at the time which was a striking feature of the late nineteenth and early twentieth centuries, seemed to reflect the concern of each capitalist country to exclude others from its own internal non-capitalist market. And of course imperialism, with its necessary accompaniments of militarism and war, was the expression of the determination of the leading capitalist powers to bring under its own control the largest possible share of the non-capitalist world. The chapters in which Rosa Luxemburg describes these phenomena- the aggressions of the strong against the weak and the deadly struggles among the strong for the lion's share of the spoils- constitute the heart her book.

It was not, however, only to an explanation of imperialism that that she confined herself to. Her theoretical postulates guided her to certain definite and extremely important conclusions regarding the future of capitalism and hence also the

¹² Luxemburg, *ibid*, p. 370-1

problems and tasks facing the international socialist movement. If it be true that capitalism depends for its very existence on its non-capitalist environment, but that in the process of living off this environment it also destroys it, then it follows very logically that the days of capitalism are numbered. When the last of the non-capitalist environment has been used up, the system will break down. She argues that capitalism is first such mode of production which cannot exist by itself. It needs other economic systems to perpetuate itself. Although it strives to become universal, but on account of this necessity it must break down eventually.

Stressing on the use of force and violence, she describes the process of capitalist accumulation in the following words,

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... The other aspect of the accumulation of capital concerns the relations between capitalism and the non-capitalist modes of production which start making their appearance on the international stage. Its predominant methods are colonial policy, an international loan system – a policy of spheres of interest – and war. Force, fraud, oppression, looting are openly displayed without any attempt at concealment.¹³

The violent search for such systems amongst competing capitalist nations leads not only to militarism and dangerous international rivalry, but eventually to the destruction of the non-capitalist systems, and therefore, logically, the capitalist system itself which needs the non-capitalist system in order to survive. The pervasive theme of Luxemburg's historical analysis is the contradiction within capital which demands at all stages of its historical development access to the means of production and the labour power of non-capitalist modes of production.

¹³ Luxemburg, *ibid*, p. 432

Capitalism must interact with non-capitalist modes at all stages of its history. She writes,

...historically, the accumulation of capital is a kind of metabolism between capitalist economy and those pre-capitalist methods of production without which it cannot go on and which, in this light, it corrodes and assimilates. Thus capital cannot accumulate without the aid of non-capitalist organisations, nor, on the other hand, can it tolerate their continued existence side by side with itself. Only the continuous and progressive disintegration of non-capitalist organisations makes accumulation of capital possible.¹⁴

It is widely recognized that Luxemburg's contribution to the theoretical understanding of primitive accumulation lay in the recognition that the process of primitive accumulation in relation to pre-capitalist modes of production other than feudalism can be traced back to a stage preceding handicraft commodity production¹⁵. While this is a significant contribution, nevertheless, there are very fundamental problems with her work as a whole.

Fundamentally, argues Sweezy¹⁶, Luxemburg's trouble lay in a purely formal confusion. In passing from Simple to Expanded Reproduction she unconsciously retained some of the assumptions of the former. This is how Sweezy explains her rassertion that consumption cannot expand within the framework of the reproduction scheme. This is the assumption, he argues, that leads her theory astray. Clearly, going by her assumptions consumption remains unchanged, so there can be no incentive for capitalists to invest their surplus value in additional means of production. Or, to put the matter in Rosa Luxemburg's terms, the idea of capitalists' realizing their surplus value by buying means of production from one another in order to produce more means of production the next year and so on

¹⁴ Luxemburg, *ibid*, p. 416-7

¹⁵ Bryceson, *ibid*, p. 103

¹⁶ Sweezy, *ibid*, p. 482

indefinitely without there ever being an increase in the final flow of consumer goods, is , says Sweezy, an economic fantasy. Luxemburg rightly points out that accumulation and consumption are linked in such a way that a positive rate of accumulation depends on a rise of consumption. Where she was wrong, argues sweezy, was in assuming that the logic of the reproduction scheme excludes a rise of consumption by either workers or capitalists or both. Expanded Reproduction typically involves rising incomes for both workers and capitalists, and there is no reason that we have to suppose that both classes will not spend at least some of the increment on consumption. If they do, then at least some accumulation will be justified, and this leads Luxemburg's impossibility theorem in difficulty.

Sweezy¹⁷ writes that the Russian economist Tugan-Baranowsky was the first to use the Marxian reproduction schemes in this context. He purported to prove that accumulation can proceed indefinitely provided only that the proper proportions are maintained among the various industries and branches of production. Two things seemed to follow from this: (1) that crises are caused by "disproportionality"; and (2) that crises can be ameliorated and perhaps eventually overcome altogether, by better foresight and planning, even within the framework of capitalism. From this it was but a short step to the conclusion that the trustification of capitalism plus the increasing intervention of the state in economic affairs were ushering in a period of ever smoother capitalist development.

It is widely argued that there is a problem of accumulation under capitalism but Paul Sweezy argues that, it is not a question of possibility versus impossibility, nor is it a mere matter of guarding against disproportionalities among the various branches of production. It has to do with the deep-seated, indeed inherent and ineradicable, tendency of capitalism to accumulate too rapidly, that is to say, to add more to the means of production than the rate of increase of consumption can justify or sustain. In a sense, to be sure, this too is a matter of "disproportionality" but it is not a disproportionality that arises from the planlessness of capitalism and

¹⁷ Sweezy, *ibid*, p. 483

can be remedied by this or that reform; it is a disproportionality which is of the very essence of the system¹⁸. "The real barrier of capitalist production is capital itself", Marx wrote, and he went on to explain:

It is the fact that capital and its self-expansion appear as the starting and closing point, as the motive and aim of production; that production is merely production of capital, and not vice versa, the means of production mere means for an ever expanding system for the life process for the benefit of the society of producers. The barriers within which the preservation and self-expansion of the value of capital resting on the expropriation and pauperization of the great mass of producers can alone move, these barriers come continually in collision with the methods of production which capital must employ for its purposes and which steer straight toward an unrestricted expansion of production, toward production for its own sake, toward an unconditional development of the productive forces of society. The means, this unconditional development of the productive forces of society, comes continually into conflict with the limited end, the self-expansion of the existing capital. Thus, while the capitalist mode of production is one of the historical means by which the material forces of production are developed and the world market required for them created, it is at the same time in continual conflict with this historical task and the conditions of social production corresponding to it¹⁹.

Bradby incisively recognized that Luxemburg's market thesis contradicts her secondary thesis on capital's imperialist expansion for raw materials. The market thesis generalized imperialism to the capitalist mode of production regardless of its level of development. The secondary raw material thesis, on the other hand, followed Lenin's conception of imperialism, viewing imperialism as essentially an historical phenomenon arising from the needs of capitalist production at a particular historical conjuncture. Bradby also criticized Luxemburg for generalizing capital's application of force to the entire process of primitive accumulation. Bradby adhering -to the classical conception of primitive accumulation, argued that

¹⁸ Sweezy, *ibid*, p. 484

¹⁹ Karl Marx, *Capital*, Vol.III, New York, 1967, p. 250

primitive accumulation can eventually result in capital's forcible expropriation of the producers' means of production and land and the exploitation of their labour, but producers cannot be directly coerced to come to the market and buy commodities, which is central to Luxemburg's market thesis²⁰. Bradby explained that "the role of force is not in introducing commodity exchange, but rather in forcing people to give up natural resources by any means other than a fair exchange. It is therefore linked with Luxemburg's 'weak thesis' (raw material thesis), not with the 'strong thesis' (market thesis), so that we can say that the use of force arises out of concrete needs in different branches of capitalism at different times, and not out of any permanent necessity"²¹.

Finally, it is necessary to note that while Luxemburg drew attention to the operation of primitive accumulation in pre-capitalist modes of production other than feudalism, nevertheless her consideration of the significance of the pre-capitalist mode in its confrontation with capital does not extend far enough. Luxemburg never adequately considered the nature of internal conditions in the pre-capitalist modes of production. In her theoretical formulation, pre-capitalist modes are merely external markets for capital or sources of raw materials. This is why Luxemburg so easily reduces imperialist penetration to force. If she had considered the pre-capitalist mode of production she would have been in a position to recognize the possibility for the introduction of commodity exchange peacefully in pre-capitalist modes of production characterized by a certain level of productive forces and production relations²².

²⁰ Deborah Fahy Bryceson, 'Primitive Accumulation and Imperialism in Relation to the Reproduction Of Third World Peasantries', p.103

²¹ B. Bradby, 'The Destruction of Natural Economy', *Economy and Society*, Vol. 4, No. 2, 1975, p.141

²² Bryson, *ibid*, p.104

Accumulation in the Highest Stage of Capitalism: Situating Lenin

Luxemburg's discussion on the question of primitive accumulation, and specifically the basis of her conclusions about the future of the capitalist system was critiqued by Lenin who identified the questions that Luxemburg had dealt with as being related to the workings of imperialism. He therefore presented his ideas on imperialism, and presented another thesis to explain the need for capital to move out of its area of origin into the non-capitalist economies and the role of violence in its everyday functioning. A discussion on Lenin marks a logical progression in the development of the debate on primitive accumulation. Much of the later theorizations both borrow from and contribute to Lenin's understanding of imperialism.

How and why the processes that are strikingly similar to the events described by Marx as primitive accumulation appear in pre-capitalist modes of production throughout the world, has been sought to be understood by many students of political economy through Lenin's study of imperialism. Although Lenin does not delve deep into the analysis of the various implications that capitalist penetration in non-capitalist modes of production can have, he provides the answers to some of the questions that vexed Luxemburg and subjects the postulates also espoused by her, among others at the time, to his critical analysis. This leads him to a clear refutation of her theoretical premises and also of her predictions, which also stand dismissed as the events of the succeeding years proved. Beyond this, Lenin's analysis provided the fundamental wherewithal for numerous studies of the phenomena of imperialism that have sought to explain the changing nature, scope, and implications imperialism.

The question as to whether all pre-capitalist modes of production would eventually transform to capitalism has been answered in the negative historically. Bryson argues that the dominant contention that has emerged has been the one which considers the pertinent question to ask to be that of why the capitalist mode has the

tendency to encompass and then dominate all other pre-capitalist modes of production. She considers that Marx did not address this issue in any detail because monopoly capitalism and its imperialist tendencies were only beginning to evidence themselves at the time of his writing. Colonialism existed, but it was still primarily facilitating the development of merchant capital which had yet to be affected by banking and industrial capital²³. This aspect has been dealt with in the preceding chapter.

Lenin's writings are contemporary with the rise of monopoly capital. Lenin's (1969 (1917) *Imperialism, the Highest Stage of Capitalism* described monopoly capital as the concentration of production and capital at a very advanced stage of development. Monopoly capital signified the end of the dominance of competitive capital and the growth dynamic engendered by the competition of small private capitalist enterprises. The development of productive forces could no longer be contained by competitive capitalism.

The extended reproduction of monopoly capital resulted in the proliferation of investments, markets and new sources of raw materials to facilitate the development of national capitals which however, defied national boundaries. The capitalist states territorially divided the world through colonial annexation in an attempt to guarantee their national monopoly capitals' investment opportunities and sources of raw materials.

In his thesis on the latest stage of capitalism i.e. imperialism, Lenin lists out the outstanding characteristics of world capitalism at the time. While elaborating, as well as borrowing from Hilferding's analysis of imperialism, he gave one of the first Marxist analyses of the changes that capitalism was going through and it laid the basis for much of the later theorization on the subject. Any attempt at studying the world capitalist system even in the present times has to contend with Lenin and his highly influential thesis on imperialism.

²³ Bryson, *ibid*, p. 104

Beginning with an analysis of the concentration of production and the characteristic rise of the monopolies, he proceeds to the new and almost hegemonic role that the banks have come to play, leading to a dominance of finance capital and the creation of a financial oligarchy. He uses this understanding to comment on the division of the world among capitalist associations and as a consequence of it, among the powerful nations.

Building on the work of Hilferding, Bukharin, and Hobson it was Lenin's analysis of the new conjuncture as the movement of capitalism to a new stage of accumulation. Lenin took to explain why capitalism has recovered around 1900 from the great depression with his analysis of imperialism.

To begin with Hilferding's proposed definition for imperialism, "a steadily increasing proportion of capital in industry ceases to belong to the industrialists who employ it. They obtain the use of it only through the medium of the banks which, in relation to them, represent the owners of the capital. On the other hand, the bank is forced to sink an increasing share of its funds in industry. Thus, to an ever greater degree, the banker is being transformed to an industrial capitalist. This bank capital, i.e., capital in money form, which is thus actually transformed into industrial capital, I call 'finance capital'"²⁴. To this definition Lenin adds that it is silent on one extremely significant fact of the increase of concentration of production and of capital to such an extent that concentration is leading, and has led to monopoly. He writes, "the concentration of production; the monopolies arising therefrom; the merging or coalescence of the banks with industry-such is the history of the rise of finance capital and such is the content of that concept"²⁵. In this way, Lenin enumerated the following five features characteristic of the epoch of imperialism:

(1) the concentration of production and capital has developed to such a high stage

²⁴ V.I. Lenin, 'Imperialism: The Highest Stage Of Capitalism', Progress Publishers, Moscow, p. 45

²⁵ Lenin, *ibid*, p. 46

that it has created monopolies which play a decisive role in economic life; (2) the merging of bank capital with industrial capital, and the creation on the basis of this "finance capital", of a financial oligarchy; (3) the export of capital as distinguished from the export of commodities acquires exceptional importance; (4) the formation of international monopoly capitalist associations which share the world among themselves, and (5) the territorial division of the whole world among the biggest capitalist powers is completed. Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed.²⁶

We would examine now, how, in the Leninist analysis, under the general conditions of commodity production and private property, the business operations of capitalist monopolies inevitably lead to the domination of a financial oligarchy.

The striking figures used by Lenin (revealing the extent of concentration of production in advanced capitalist countries) as the departure point for his pamphlet stand out in any consideration of the phenomenon of imperialism- "almost half the total production of all the enterprises of the country (USA) was carried on by one-hundredth part of these enterprises"²⁷. The combination of various production units into one and concentration assures the firms a stable rate of profit by leveling out the trade fluctuations and making technical improvements possible. Also, it strengthens enterprises during times of economic depression since it reduces competition. This explains the widely noticeable tendency for concentration of production to increase during times of economic depression. The large scale

²⁶ V.I. Lenin, 'Imperialism: The Highest Stage of Capitalism', LCW, Volume 22, p. 266-7.

²⁷ Lenin, *ibid*, p. 17

concentration of production led to the formation of the cartels. Lenin describes the principle stages in the history of monopolies:

First, 1860-70, the highest stage, the apex of development of free competition; monopoly is in the bare discernible, embryonic stage. Second, after the crisis of 1873, a lengthy period of development of cartels; but they are still the exception...Third, the boom at the end of the nineteenth century and the crisis of 1900-03. Cartels became one of the foundations of the whole of economic life. Capitalism has been transformed into imperialism²⁸.

Cartels thwart and work towards eliminating free competition (due to the sheer magnitude of their enterprises and their latest and excellent technical equipments) that once used to be the foundational principle of capitalism. They jointly decide the terms of trade, the prices, division of markets, quantities of goods to be produced, et al. Profits then are divided among various enterprises. The methods employed to ensure and preserve their monopoly over the markets range from subtle to overtly coercive.²⁹ Lenin recognized that although commodity production was the dominant form and was regarded as the basis of economic life, it stands undermined today as the bulk of the profits go to those adept at financial manipulation.

With the functions of the banks being transformed from being the middlemen in the making of payments to being the most powerful monopoly, the second chief characteristic of the stage of imperialism can be discerned. Lenin argues that as banking develops and becomes concentrated in a small number of establishments, the banks grow into powerful monopolies having at their command almost the whole of the money capital of all the capitalists and small businessmen and also the larger part of the means of production and sources of raw materials. Their control spans either any one country or a number of countries. This he regards as being one of the fundamental processes in the growth of capitalism into capitalist

²⁸ Lenin, *ibid*, p. 22

²⁹ Lenin, *ibid*, p. 26

imperialism³⁰. Several of the small banks become branches of the big banks thereby centralizing all the capital, all revenues and then transforming thousands of scattered economic enterprises into a single national capitalist and the a world capitalist economy. Banks, Lenin argues, intensify the process of concentration of capital and the formation of monopolies. The role of the state in this process, asserts Lenin, is that of a facilitator for “guaranteeing the increase in the income of the millionaires in some branches of industry”³¹.

As to the starting point of this phenomenon, Lenin quotes Jeidels,

...the initial date maybe advanced to the year 1897, when the important ‘mergers’ took place and when, for the first time, the new form of decentralized organisation was introduced to suit the industrial policy of the banks...it was the crisis of 1900 that enormously accelerated and intensified the process of concentration of industry and of banking, consolidated that process, for the first time transformed the connection with industry into the actual monopoly of the big banks, and made this connection much closer and more active. Thus the twentieth century marks the turning-point from the old capitalism to the new, for the domination of the capital in general, to the domination of the finance capital³².

Monopoly, once established, penetrates into all spheres of public life. The telling feature of this stage of capitalism is the enormous levels of separation between the various processes that capital undergoes. Lenin remarks,

...it is characteristic of capitalism in general that the ownership of capital is separated from the application of capital to production, that money capital is separated from industrial or productive capital, and the rentier who lives

³⁰Lenin, *ibid*, p. 30

³¹ Lenin, *ibid*, p.36

³² Lenin, *ibid*, p. 45

entirely on income obtained from the money capital, is separated from the entrepreneur and from all who are directly concerned in the management of capital. Imperialism, or the domination of finance capital, is that highest stage of capitalism in which this separation reaches vast proportions. The supremacy of finance capital over all other forms of capital means the predominance of the rentier and of the financial oligarchy³³.

Rise of monopolies in all capitalist countries had given rise to a large scale accumulation of capital and the level of surplus capital therefore had steadily risen. Talking about the role of imperialist capital in areas outside of the country of its origin, Lenin writes that parasitism is what characterizes imperialism. While writing further about the reason for the capital to venture out he writes that monopoly which grows out of capitalism, and has become its mode of organisation exists with a permanent contradiction. It engenders a tendency of stagnation and decay. Certainly there exists the possibility of reducing the cost of production and increasing profits by introducing technical improvements operates in the direction of change. But nonetheless the tendency to stagnation and decay, which is characteristic of monopoly, continues to operate. Imperialism therefore is nothing but an immense accumulation of money capital in a few countries. Hence, the export of capital becomes one of the most essential economic bases of imperialism³⁴. In the light of the above explication of the process of imperialism, Lenin defines it as capitalism in transition, or, more precisely, as 'moribund capitalism'.

Responding to the argument that if the surplus capital is employed in the native country, then many of the problems could be solved in the domestic economy he argues that long as capitalism remains what it is, surplus capital will be not be utilized for the purpose of raising the standard of living of the masses in a given country, for this would means a decline in profits for the capitalists. Surplus capital would instead be used for the purpose of increasing profits by exporting capital

³³ Lenin, *ibid*, p. 57

³⁴ Lenin, *Imperialism the Highest Stage of Capitalism*, LCW, Vol.22, Ch: 7

abroad to the backward countries. In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low and so are the wages, raw materials too are cheap. The export of capital is made possible by a number of backward countries having already been drawn into world capitalist intercourse through mainly the railways which have created the elementary conditions for industrial development in the third world countries. He argues that the need to export capital arises from the fact that in a few countries capitalism has become 'over-ripe' and (owing to the backward state of agriculture and the poverty of the masses) capital cannot find a field for 'profitable' investment³⁵.

Lenin writes that the investment of capital in backward countries would lead to a development of capitalism in those countries. He explains that the export of capital greatly accelerates the development of capitalism in those countries to which it is exported. "While", he writes, "the export of capital may tend to a certain extent to arrest development in the capital-exporting countries, it can only do so by expanding and deepening the further development of capitalism throughout the world"³⁶. But Stalin summarizes Lenin's views on the nature of imperialist capital which he referred to as the 'moribund capital'. He enumerates the contradictions that imperialism brings about. He writes,

The *first contradiction* is the contradiction between labour and capital. Imperialism is the omnipotence of the monopolist trusts and syndicates, of the banks and the financial oligarchy, in the industrial countries. The *second contradiction* is the contradiction among the various financial groups and imperialist powers in their struggle for sources of raw materials, for foreign territory. Imperialism is the export of capital to the sources of raw materials, the frenzied struggle for monopolist possession of these sources, the struggle for a re-division of the already divided world, a struggle waged with particular fury by new financial groups and powers seeking a "place in the sun" against the old groups and Powers, which cling tenaciously to what they have seized.

³⁵ Lenin, *ibid*, p. 60

³⁶ Lenin, *ibid*, p. 62

This frenzied struggle among the various groups of capitalists is notable in that it includes as an inevitable element imperialist wars, wars for the annexation of foreign territory. The *third contradiction* is the contradiction between the handful of ruling, "civilised" nations and the hundreds of millions of the colonial and dependent peoples of the world. Imperialism is the most barefaced exploitation and the most inhumane oppression of hundreds of millions of people inhabiting vast colonies and dependent countries. The purpose of this exploitation and of this oppression is to squeeze out super-profits. But in exploiting these countries imperialism is compelled to build these railways, factories and mills, industrial and commercial centers. The appearance of a class of proletarians, the emergence of a native intelligentsia, the awakening of national consciousness, the growth of the liberation movement—such are the inevitable results of this "policy...Such, in general, are the principal contradictions of imperialism which have converted the old, "flourishing" capitalism into moribund capitalism³⁷.

In his polemics against the Narodniks in Russia during the 1890s, Lenin firmly rejected the impossibility thesis (which is what the Narodnik writers upheld) and at the same time just as firmly rejected its opposite, the thesis of the indefinite expansibility of capitalism. Maurice Dobb argues that the conflict between accumulation and consumption, Lenin held, is one of the major contradictions of capitalism, but it does not prove the impossibility of capitalism as the Narodniki thought. On the contrary, capitalism can neither exist nor develop without contradictions. What these contradictions prove is not its impossibility but rather its historical-transitional character³⁸.

In *The Development of Capitalism in Russia* Lenin sought to dispel the idea about the impossibility of a home market for the realization of surplus value i.e. the finding of

³⁷ Stalin, 'Foundations of Leninism', Ch:1, accessed online at www.marxists.org

³⁸ Maurice Dobb, 'Marx's Critique of Political Economy' in *The History of Marxism: Marxism in Marx's Day*, (Ed.) Eric J. Hobsbawm, Harvester Press, Brighton, 1982

corresponding equivalent sale for a product in the market, which it was believed could only be resolved by the entry of/into a foreign market. As Lenin defines it,

The problem of realization is how to find for each part of the capitalist product, in terms of value (constant capital, variable capital and surplus-value) and in its material form (means of production, and articles of consumption, specifically necessities and luxuries), that other part of the product which replaces it on the market³⁹.

Lenin also retraces the importance of distinguishing productive and non-productive consumption, and argues that production—with its requisite means of production, particularly constant capital—is what drives the home economy rather than non-productive consumption, although he says that the two kinds of consumption are linked. Herein also lies a central contradiction of capitalism: the necessity of expanding consumption from an increasingly impoverished and relatively more populous workforce. Lenin's main argument is that the creation of a home market is inherent to the development of capitalism itself (generalized commodity production and exchange, social division of commodified labor, etc. etc.), and he adds that by definition a capitalist country is already plugged in to foreign markets. Drawing on Marx' economic doctrines, Lenin showed that the separation of industry from agriculture and the separation of manufacturing from extractive industry leads to the development of exchange and to an increase in the capacity of the home market, since each branch of production acts as a market for the others. Lenin demonstrated that the ruin of the small-scale commodity producers leads not to the contraction of the home market but to its expansion. Forced to make a living by selling their labor power, the rural proletarians have to purchase the basic means of subsistence. The rural bourgeoisie provides capitalism with a home market for the means of production and for consumer goods.

On the matter of proportions between productive sectors, Lenin leaned towards the position expressed by Tugan-Baranowski. In his view, an essential feature of the development of capitalist production was that 'capitalist production and

³⁹ Lenin, *The Development of Capitalism in Russia*, LCW, Volume 3, 1977, p. 46

consequently the home market, grow not so much on account of articles of consumption as on account of means of production, a increase in the latter outstripping the former. He argued that the department of social production which produces means of production has to grow faster than the one which produces articles of consumption. Thus he writes that the growth of the home market for capitalism is to a certain extent independent of the growth of personal consumption⁴⁰.

Lenin however admits that there is a contradiction between this expansion of production at a faster rate than that of consumption- 'it is real production for production sake'; but it is not a contradiction such as can prevent such development from happening- 'it is a contradiction, not of doctrine, but of actual life; it is the sort of contradiction that corresponds to the very nature of capitalism and to the other contradictions of this system'⁴¹. He goes on to deny that Marx attributed crisis to under-consumption.

Maurice Dobb argues that unlike Rosa Luxemburg or Hobson, Lenin does not connect colonial expansion in a causal sense to either overproduction in imperialist economy or realisation problem; not even with Marx's alleged tendency of the 'falling rate of profit'. It is connected directly with the desire of the big monopoly concerns to extend their domination and hence, to strengthen their monopoly power over markets, whether for consumer goods or for means of production. Dobb further argues that the two kinds of emphasis need not be incompatible. But the difference is of significance. This difference has continued to dominate modern controversy since World War II. It would therefore not be incorrect to speak of the continuance of two trends in Marxist theory of such matters today-the one giving prominence to 'realisation' problem and to deficiency of demand, the other concentrating on sectoral 'proportions'⁴².

⁴⁰ Dobb, *ibid*, p. 93

⁴¹ Dobb, *ibid*, p. 94

⁴² Dobb, *ibid*, p. 96-7

Since, Luxemburg, discussion of the realisation problem has been closely linked with the problem of imperialism. But the two names commonly and most famously associated with Marxist interpretation of imperialism are Hilferding and Lenin. The former associated the phenomenon particularly with concentration of capital and monopoly, in particular with the growing dominance in later capitalism of the big banks over industry and hence of the growing dominance of finance capital.

Imperialism, Lenin argued is the phenomenon of self –expanding extended reproduction of capital dynamized by monopoly competition. Lenin described monopoly competition, as the process of centralization of capital in the organizational form of syndicates, cartels and trusts situated within particular national capitals. Furthermore, Lenin noted that some national capitals advanced far beyond others to gain a monopolist position⁴³. In conjunction with the force of capitalist state power these national capitals expanded their reproduction to encompass raw materials, markets and investment in areas hitherto untouched by capitalism.

Lenin approaches imperialism from the side of monopoly capital itself and says little about its effects on pre-capitalist modes of production, besides the following:

As long as capitalism remains what it is, surplus capital will never be utilized for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists; it will be used for the purpose of increasing those profits by exporting capital abroad to the backward countries. In these backward countries profits are usually high, for capital is relatively low, wages are low, raw materials are cheap. The possibility of exporting capital is created by the fact that numerous backward countries have been drawn into international capitalist intercourse; main

⁴³ Lenin, *ibid*, p. 62

railways have either been built or are being built there; the elementary conditions for industrial development have been created, etc.⁴⁴

With the benefit of more information on pre-capitalist social formations, the relationship between primitive accumulation and imperialism becomes more apparent although as the next chapter will show there is much debate. Lenin's work is very crucial to the present debate, especially with regard to two aspects. Firstly, Lenin established imperialism as a particular historical phase of capitalist development. Secondly, monopoly capital expansion was motivated by big profits, however the costs of colonialism were considerable, to the extent of hindering development in the imperialist country. This seeming contradiction was resolved by Lenin who recognized the primary importance of colonies as sources of raw materials in the face of monopoly' competition. Finance capital, he argued, is not only interested in the already known 'sources of raw materials it is also interested in the potential sources of raw materials because the present day technical development is extremely rapid.⁴⁵ He further adds that

colonial possession alone gives complete guarantee of success to the monopolies against all the risks of the struggle with competitors, including the risk that the latter will defend themselves by means of a law establishing a state monopoly. The more capitalism is developed, the more the need for raw materials is felt, the more bitter competition becomes, and the more feverishly the hunt for raw materials proceeds throughout the whole world, the more desperate becomes the struggle for the acquisition of colonies⁴⁶.

In the context of the changing nature of world capitalism, very many postulates have come to the fore and certain of the theories espoused seek to both re-engage and extend Lenin's postulates on imperialism. The widespread use of extra-economic

⁴⁴ Lenin, *ibid*, p. 63

⁴⁵ Lenin, *ibid*, p. 83

⁴⁶ Lenin, *ibid*, p. 82

means for accumulation of capital and the large scale privatization of resources have emphatically brought back the concept of primitive accumulation for renewed theoretical investigations. Consequently, the debate about the nature of imperialism, its impact on non-capitalist social formations, their role in the world capitalist system, have gained salience. Ernest Mandel in his expositions of the twentieth century economy owes a great deal to Lenin's and Hilferding's analysis. In his work 'Late Capitalism' Mandel develops a theory of long waves of capitalist development and identifies three successive stages in capitalist history- competitive capitalism, classical capitalism, and late capitalism. He writes, "the term 'late capitalism' in no way suggests that imperialism has changed in essence, rendering the analytic findings of Marx's capital and Lenin's imperialism out of date. Just as Lenin was only able to develop his account of imperialism on the basis of capital, as confirmation of the general laws governing the whole course of the capitalist mode of production discovered by Marx, so today we can only attempt to provide a Marxist analysis of late capitalism on the basis of Lenin's study of imperialism. The era of late capitalism is not a new epoch of capitalist development. Is merely further development of the imperialist, monopoly-capitalist epoch. By implication, the characteristics of the imperialist epoch enumerated by Lenin thus remain fully valid for late capitalism".⁴⁷

Having said this, it is imperative that we contend with and adequately prioritize the recent theorization that seeks to re-introduce Rosa Luxemburg and her formulations on imperialism and primitive accumulation laying focus on the various aspects of her theory that can be used in very many ways to understand and characterize the present reality of capitalism. The reorganization of capitalism's various aspects including production and division of labour has not only taken vastly complex international proportions, but has also sought to reorganize itself spatially. The resurgence of capitalism and the onward march of neoliberalism even after recurrent economic crisis have been possible due to numerous changes and

⁴⁷ Terrence McDonough, 'Lenin, Imperialism, and the Stages of Capitalist Development', p.362

strategies it has sought to follow. This has been the topic of many recent theoretical endeavors. The combination of various strategies, both economic and extra-economic, that are being used for capital accumulation worldwide have seen the concepts employed by Luxemburg returning to the ongoing discussions. Although Lenin's analysis of imperialism has had an abiding influence on most attempts at understanding the nature of monopoly capitalism, his views on the historical fixation of the concept of primitive accumulation are being increasingly questioned. Even when his understanding of the role of imperialist capital in non-capitalist social formations has been useful in analyzing their present conditions, the later developments in the third world economies have also presented the need to employ diverse theoretical analytical tools and concepts to better and more precisely understand their complex and deeply differentiated responses and changes with respect to the penetration of global capital and their introduction into the world capitalist system. The next chapter deals with some such theories with regard to the third world economies and the latest contestations that have surfaced in relation to the employment of the Marxist concept of primitive accumulation to understand the new developments in the world capitalist system.

Chapter III

THE 'INVISIBLE HAND' WITH IT'S VISIBLE FEET: THE ACCUMULATION AND THE 'PRIMITIVE'

In the development of a theory, the invisible of a visible field is not generally anything whatever outside and foreign to the visible defined by that field. The invisible is defined by the visible as its invisible, its forbidden vision: the invisible is not therefore simply what is outside the visible (to return to the spatial metaphor), the outer darkness of exclusion—but the inner darkness of exclusion, inside the visible itself.

—Louis Althusser, “From Capital to Marx’s Philosophy”

The above passage succinctly sums up the question that is dealt with in this chapter. In the wake of the large scale appropriation drive of the global capital in various parts of the world, the brutal and nakedly violent means deployed by the respective states to accomplish the same and the fierce resistance struggles launched against the appropriation of their lands and means of livelihood, the question of the primitive accumulation seems to have re-returned and a renewed interest has been generated in studying and re-assessing Luxemburg’s thesis on primitive accumulation and thereby her formulations on imperialism. Although her contentions on the realisation crisis and the under-consumptionist analysis had been severely challenged in a number of expositions, they seem to have had an abiding influence on a number of scholars for a variety of reasons.

The role of the states in the erstwhile colonies has been one of a facilitator of imperialist interests. The ‘protection’ of the land and forests by the state evicted and

dispossessed many tribals and farmers from their homeland. The rampant sell out of land for mines and minerals to the various national or multinational companies has resulted in the displacement of huge mass of population from their homeland. Big projects like dams and SEZs, deemed unproblematically as instruments for national 'development', have also resulted in gross dispossession of a huge mass of people and their impoverishment. It is these rounds of dispossession, mostly involving use of brute force, violence, and deceit that seem to have provided the impulse for the theoretical forays into the concept of primitive accumulation. It was but for the striking resemblance to the ghastly processes of forcible eviction of the peasantry of the 15th century England that the present evictions have become the subject matter for a closer scrutiny.

A series of theoretical expositions appeared in the recent past dwelling on the relationship between neo-liberalism and primitive accumulation. In 2001, *The Commoner*¹ published a special edition of the journal showcasing a debate between Paul Zarembka and Werner Bonefeld on the usage of the term primitive accumulation. Briefly, Zarembka's² argument against the usage of the concept rested on two assertions; firstly, that the concept of primitive accumulation in Marx refers to a particular phase within the history of capitalism and adds nothing to our understanding of its contemporary forms. Secondly, Zarembka argued that capitalism implies the separation of the producer from the means of production in a general sense and there was therefore no need to invoke the concept of primitive accumulation to draw attention to what is already implied in the Marxist definition of the current mode of production. Later, it was argued by many that Marx's treatment of the concept was, to a large extent, a response to classical political economy's account of the origins of capitalism and that he had developed the concept in historically specific terms and did not consider it in its entirety.

¹ The Commoner, <http://www.thecommoner.org>

² Paul Zarembka, 'Primitive Accumulation in Marxism, Historical or Trans-historical Separation from Means of Production?', *The Commoner*, 2002

It is also being argued that there exists an ambiguity in Marx's discussion. This contention rests on the observation that such processes of large scale dispossession and 'proletarianisation' of masses of men and women have spanned a period of over three centuries, often occurring in different degrees at different times not only across Europe but also in the rest of the non-capitalist world. These arguments duly acknowledge that, for the most part, Marx focused on the development of capitalism only in England. Chandra and Basu³ argue that primitive accumulation affects a redistribution and transfer of claims to already existing assets and resources, rather than creating any new assets. In this sense, it is an accumulation of intangible rights and not the accumulation of tangible assets or goods.

Additionally, the usage of the term, in these works, has been primarily aimed at drawing attention to the 'extra economic forms of separation', which is somewhat different from that implied in a general account of what Harvey calls 'expanded reproduction' or rather, the 'ordinary' economic process of separation.

'Accumulation by Dispossession' as the continuum of Capital's Enclosures

One of the leading theoreticians of the twenty first century David Harvey⁴ relates his analysis of imperialism and what he calls 'accumulation by dispossession' to the following passage from Luxemburg's *Accumulation of Capital*. While writing about the dual character of capital, Luxemburg writes,

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 the wage labourer. . . . Here, in form at any rate, peace, property and equality prevail, and the keen dialectics of scientific analysis were required to reveal how the right of ownership changes

³ Pratyush Chandra and Dipankar Basu *Neoliberalism and Primitive Accumulation in India* Sanhati March 20, 2007

⁴ David Harvey, 'The New Imperialism', OUP, London, New York, 2003

in the course of accumulation into appropriation of other people's property, how commodity exchange turns into exploitation and equality becomes class rule. The other aspect of the accumulation of capital concerns the relations between capitalism and the non-capitalist modes of production which start making their appearance on the international stage. Its predominant methods are colonial policy, an international loan system—a policy of spheres of interest—and war. Force, fraud, oppression, looting are openly displayed without any attempt at concealment, and it requires an effort to discover within this tangle of political violence and contests of power the stern laws of the economic process⁵.

Harvey points out that she stresses on the organic link between these two aspects of accumulation. It is from here that he draws the idea that he develops further in his understanding of 'accumulation by dispossession'. His thesis is fore grounded by his critique of traditional accounts of the Marxist question of realisation and the under-consumption theory. The crisis of under consumption has been elaborated in the earlier chapters. Succinctly put, it refers to the process whereby workers are unable to provide the requisite demand for the goods produced in the economy and do not make for an adequate market for the sum of commodities produced if surplus value is to be realized. Although the capitalist class can consume some of these commodities, it cannot consume all of it, the main reason being that there exists the compulsion to reinvest some surplus value to secure the reproduction of the system. Thus, accumulation encounters a limit. The only way that surplus value can be realized is by trade with non-capitalist formations - by force of arms if necessary. Under-consumption, it is argued then, is what essentially lies at the core of capitalist crises and is the driving force of imperialism.

While Harvey points out the problems with Luxemburg's thesis and where her formulations get into an impasse, he points to another possibility which he upholds in his own analysis of the reasons for the imperial capital to venture out into pre-capitalist modes of production. He writes,

⁵ David Harvey *The New Imperialism*, Oxford(2003), Pg 137

...it is also possible to accumulate in the face of stagnant effective demand if the costs of inputs (land, raw materials, intermediate inputs, labour power) decline significantly. Access to cheaper inputs is, therefore, just as important as access to widening territories which should be forced open not only to trade (which could be helpful) but also to permit capital to invest in profitable ventures using cheaper labour power, raw materials, low-cost land, and the like. The general thrust of any capitalistic logic of power is not that territories should be held back from capitalist development, but that they should be continuously opened up⁶.

Harvey argues that, rather than under-consumption, capitalist crisis tendency needs to be understood in relation to the problem of over-accumulation⁷. This is based on his assertion that reinvestment itself within expanded reproduction 'creates a demand for capital goods and other inputs'⁸.

He alludes to Luxemburg's idea that capitalism looks for and requires something outside of itself in order to stabilize itself. Building up on this position, he argues that the outside is the object of 'accumulation by dispossession' that capital needs in order to overcome crises of overproduction, rather than of under-consumption. The specific role of accumulation by dispossession in a crisis of over-production is to

⁶ Harvey, *ibid*, p. 138

⁷ Refers to situation in which various individual capitals, industries, sectors, experience difficulty in selling their entire output, leading to a general condition in which total output exceeds total demand. Overproduction theorists argue that crisis is initiated by overproduction relative to demand in one activity and then spreads to other sectors, causing a cumulative disequilibrium. Marx's schemes of expanded reproduction were manipulated by Tugan-Baranowsky to generate examples of disproportionality in the output of the two departments leading to a general overproduction. It is held that such manipulation of the scheme which continues to be used, fails to explain the initial cause of the crisis in terms of capitalist behavior, individual or collective, and hence remain controversial.

Reference from Tom Bottomore, Lawrence Harris, V. G. Kiernan & Ralph Miliband (ed.), *A Dictionary of Marxist Thought*, Second Edition, Maya Blackwell Worldview, 2000, p. 405, 406

⁸ Harvey, *ibid*, p. 139

release a set of assets (including labour power) at very low (and in some instances zero) cost. Over-accumulated capital can then take control of such assets, seize them and immediately turn them to profitable use.⁹ The 'outside' thus is soon internalized by capital which, according to Harvey, will benefit from lower costs and overcome the over-accumulation crisis until the next round of 'enclosures' is required. However, capitalism 'can either make use of some pre-existing outside... or it can actively manufacture it'¹⁰.

Primarily, it appears that the use of violent means for accumulation is what brings to sharp focus the process of primitive accumulation, and the similarities witnessed in the then use of it described by Marx in the elaboration of the concept as the 'pre-history of capital' and the use of force in the present context for capital accumulation. Harvey writes, critiquing the view that sees primitive accumulation as the 'original' accumulation,

The disadvantage of these assumptions is that they relegate accumulation based upon predation, fraud, and violence to an 'original stage' that is considered no longer relevant or, as with Luxemburg, as being somehow 'outside of capitalism' as a closed system. A general re-evaluation of the continuous role and persistence of the predatory practices of 'primitive' or 'original' accumulation within the long historical geography of capital accumulation is, therefore, very much in order, as several commentators have recently observed. Since it seems peculiar to call an ongoing process 'primitive' or 'original' I shall substitute these terms by the concept of 'accumulation by dispossession'¹¹.

Assessing Marx's comments on primitive accumulation and making a strong case for considering the phenomena as continuous and contemporary, Harvey further

⁹Harvey, *ibid*, p. 149

¹⁰ Harvey, *ibid*, p. 141

¹¹ Harvey, *ibid*, p. 144

observes that all the features of primitive accumulation that Marx talks about have remained powerfully present within capitalism's historical geography up until now. More specifically, the displacement of peasant populations and the formation of a landless proletariat has accelerated in countries such as Mexico and India over the last three decades. Many formerly common property resources, such as water, have been privatized (often at World Bank insistence) and brought within the capitalist logic of accumulation. Alternative forms of production and consumption have been suppressed. We find examples of it in the suppression of indigenous forms of production and Harvey especially mentions the process of elimination of petty commodity trade in the United States.¹² Perelman¹³ too lists down the processes that were assessed by Marx to be constituent of the process of primitive accumulation. He emphasizes on the aspect of undermining the ability of the people to fend for themselves and the arrangements put in place in order to ensure that alternate survival strategies outside the system of wage labour are eliminated for all. This was accomplished, as has been discussed at length in the first chapter, was ensured through brutal laws and use of 'legally legitimate' force. Making a case for viewing primitive accumulation as an ongoing process, Perelman also draws attention to certain processes which logically and in all measures correspond to the processes that could be looked at as belonging with the process of primitive accumulation. Some of the ones he mentions include the conversion of the small scale farmers into proletarians, depriving the city dwellers of the means of self-provisioning, etc¹⁴. He mentions that these processes, especially the ones related to proletarianisation have continued throughout the nineteenth, to the twentieth and into the twenty-first century as well. Not restricting primitive accumulation to the countryside, he points out the phenomena discernable in the urban sphere as well. For instance, he mentions, the process of packing people into crowded urban quarters leaves little space for laundry. The need to purchase services of daily

¹² Harvey, *ibid*, p. 145

¹³ Perelman, *ibid*, p. 14

¹⁴ Perelman, *ibid*, p. 34, 35

existence forces people to sell more labour. This process gives rise to an endless chain of dependence and 'feeds on itself'. He writes,

...we would interpret this restructuring of the life of a modern household as a contemporary variant of the process of primitive accumulation, whereby the mass of people working for wages has increased. In this sense, the concept of primitive accumulation is closely bound up with that of the social division of labour.¹⁵

Harvey's understanding of the concept of primitive accumulation that makes the newer processes of capitalist accumulation strikingly similar to the one Marx describes and that which create the cheap labour force required in the service of world capitalism is summarize by him as,

Primitive accumulation, in short, entails appropriation and co-optation of pre-existing cultural and social achievements as well as confrontation and supersession. The conditions of struggle and of working-class formation vary widely and there is, therefore, as Thompson among others has insisted, a sense in which a working class makes itself though never, of course, under conditions of its own choosing. The result is often to leave a trace of pre-capitalist social relations in working-class formation and to create distinctive geographical, historical, and anthropological differentiations in how a working class is denned. No matter how universal the process of proletarianisation, the result is not the creation of a homogeneous proletariat¹⁶.

Contributing to the idea of the creation of a proletariat, Wallerstein¹⁷ makes some interesting observations. He notes that in certain contexts capitalists seemed to prefer and benefit from measures that prevented full proletarianisation of the

¹⁵ Perelman, *ibid*, p. 36

¹⁶ Harvey, *ibid*, p. 147

¹⁷ Jim Glassman, 'Primitive Accumulation, Accumulation by Dispossession, Accumulation by 'Extra-Economic' Means', *Progress in Human Geography*, Vol. 30 (5), p. 613

labour force, since this prevented capitalists from having to pay for the full costs of the social reproduction of labor. He argues that the total percentage of the labour force that has been proletarianized worldwide has always remained quite small, and that capitalism is therefore based as much on the maintenance of non-proletarian and semi-proletarian labour as on the production of proletarian labour. This point will be further elaborated in another section dealing with the changes in the modes of production that imperialist capital has affected. Harvey brings into his discussion the case of Nandigram which propelled itself onto the world map as a site of fierce resistance by the native peasants in order to retain their lands, against the massive use of state sponsored violence and juridical force working on behalf of the imperialist capital. In India, as well as in many other third world erstwhile colonial countries, it is the original inhabitants of the land, the tribals (or the adivasis), who have been the worst victims of the fall outs of the penetration of imperialist capital, disguised in 'development' packages. I would delve into the ramifications of imperialism, capitalist penetration and uneven development in another section and look at the changes brought about by this at the local level, in the existing modes of production of these countries.

With respect to the usage by the state of its coercive apparatus to impose market imperatives, many recent theoretical interventions, including that of Harvey, have focused on Marx's concept of primitive accumulation in attempting to characterize many of the features of the current phase of capitalist development within a broader narrative of the accumulation strategies adopted by capitalism. Notably, most of these theories see primitive accumulation as the primary means through which capitalism addresses the internal limits of the market. De Angelis¹⁸ argues that in contrast to the accumulation strategies associated with, for instance, the production of goods and services for the commodity market, primitive

¹⁸ Massimo De Angelis, 'Marx and Primitive Accumulation: The Continuous Character of Capital's "Enclosures"', *The Commoner*, N. 2, 2001

accumulation does not rely on the 'silent compulsion of economic relations', but is instead imposed through 'direct extra economic forces' such as the state.¹⁹

An important element of his analysis is its demonstration of the relationship between strategies of primitive accumulation and worker struggles. De Angelis, building on the work of Polanyi, argues that capitalism is characterized by a double movement of the market and struggle. He writes, "On the one side there is the historical movement of the market, a movement that has no inherent limits and therefore threatens society's very existence. On the other, there is society's natural propensity to defend itself, and therefore to create institutions for its protection"²⁰. For De Angelis, the second movement often involves processes of 'commoning', which can be characterized as the creation of 'social spheres of life' aimed at providing 'various degrees of protection from the market'. He observes "a separation between people and their conditions of life, through the dismantlement of rights, entitlements, etc ... The aimed end result of these strategies of enclosures share the same substance: to forcibly separate people from whatever access to social wealth they have which is not mediated or co-optable by the market. New enclosures thus are directed towards the fragmentation and destruction of 'commons'.²¹ Therefore, for De Angelis, the determining crisis within capitalism is precipitated by the obstacles presented to accumulation by worker struggles.

In his detailed survey of modern capitalism, David Harvey follows somewhat different theoretical paths. Where the De Angelis account focuses on the issue of 'separation of people in relation to their social means of production', Harvey's invocation of the concept of primitive accumulation emphasizes mainly the extra economic aspects of such processes. As has been discussed in the preceding pages, taking Rosa Luxemburg as his starting point, Harvey demonstrates the relationship

¹⁹ De Angelis, *ibid*, p. 7

²⁰ De Angelis, *ibid*, p. 13

²¹ *Ibid*

between expanded reproduction of capitalism and 'accumulation by dispossession' or primitive accumulation. For Harvey it is precisely the limits encountered within expanded reproduction that drive capital to seek new markets and areas for investment and this leads logically to the strategies of 'accumulation by dispossession'. Thus this means that accumulation by dispossession (or primitive accumulation) represents the primary means through which capital addresses the internal limits to accumulation encountered within expanded reproduction.

Even in the face of systemic imbalances (local recessions, fluctuating business cycles etc.), it is possible to accumulate through the introduction of cheaper inputs such as labour power or raw materials. Harvey further observes that the geographical expansion of capitalism – through what he calls 'spatio-temporal fixes' helps stabilize the system because it 'opens up demand for investment goods and consumer goods elsewhere'. The implication is that non-capitalist territories should be forced to open up not only for trade (which could be helpful) but also to permit capital to invest in profitable ventures using cheap labour power, raw materials, low cost land, and the like.²² Harvey thus arrives back at an assertion of the original thesis propounded by Luxemburg, that is, that capitalism is intimately dependent on an 'outside' to stabilize the system. Therefore, modern instances of primitive accumulation or accumulation by dispossession are an outcome of the capital's need to secure the creation of this 'outside' and the attempts are largely directed at capturing it.

Harvey observes that the link between primitive accumulation and the present crisis lies not just in the use of brute force by the institutions of the state and stresses the importance of various other processes. As has already been mentioned he points out to the continuation and proliferation of accumulation practices which Marx had treated as 'primitive' or 'original' during the rise of capitalism as being very much present in today's context too. These processes include, he writes,

²² Ibid Pg 139

... the commodification and privatization of land and the forceful expulsion of peasant populations...; conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights...; suppression of rights to the commons; commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neo-colonial, and imperial processes of appropriation of assets (including natural resources); monetization of exchange and taxation, particularly of land; the slave trade (which continues particularly in the sex industry); and usury, the national debt and, most devastating of all, the use of the credit system as a radical means of accumulation by dispossession. The state, with its monopoly of violence and definitions of legality, plays a crucial role in both backing and promoting these processes.²³

From financialization to shifts in intellectual property rights facilitated by the World Trade Organisation (WTO), to privatization of universities and public utilities, Harvey observes the processes of primitive accumulation in progress. Thus the wholesale privatization of basic services is, according to Harvey, driven by these processes, and capital's attempts to open up new areas for investment in order to address the systemic crisis of over-accumulation. His main argument therefore remains that accumulation by dispossession is needed in order to release a set of assets at low cost which the over-accumulated capital can seize and turn them to profitable use. He mentions that privatization of social housing, telecommunications, transportation, water, etc. has, in recent years, opened up vast fields for over-accumulated capital to seize upon.²⁴

Since capital accumulation operates through the market, the services of primitive accumulation are required almost by definition when the market is in crisis. According to Harvey's thesis, during crucial phases of capitalist crisis, primitive accumulation emerges to help transcend barriers to accumulation in two ways: (a)

²³ David Harvey, *A Brief History of Neoliberalism*, Oxford, 2005, Pg 159

²⁴ David Harvey, *The New Imperialism*, Oxford, 2003, Pg 149

by facilitating the transition from the critically fated regime to a new regime of accumulation, and (b) by continuously negotiating the spatial expansion (both internal and external) of capitalism. During periods of transition and expansion, “new enclosures” are required for putting the normal course of capitalist reproduction back on track. Securing these enclosures through force and other “direct extra-economic means” is the function of primitive accumulation. In the view of Chandra and Basu²⁵, this re-definition is very crucial as it allows us to grasp the function of the State and its continuous politico-legal activism in every stage of capitalism. They contend that the present neoliberal phase can probably be understood fruitfully from this perspective.

State has become the instrument of politico-legal repression that facilitates neoliberal expansion. Chandra and Basu point to the fact that, while defining these areas of active intervention by the state that one level at which the state intervenes with all its might is to secure control over resources - both natural and human, a process that is conspicuous by its striking similarity to the process of primitive accumulation, and thus can be characterized as the “new enclosures”. Secondly it intervenes to ensure the non-transgression of the political into the economic. This essentially implies that the politics of labour must be kept under a check and the dispossessed must be prevented from affecting the political economy.²⁶ This argument falls in congruence with what David Harvey notes when he remarks that, “The main substantive achievement of neoliberalization... has been to redistribute, rather than to generate, wealth and income”²⁷. According to Chandra and Basu, Harvey identifies four main features of ‘accumulation by dispossession’: privatisation, commodification, financialization and the management-manipulation of assets. Each of these processes feeds on the other and there is an organic link between all. They support one other and gaining strength from the other. The

²⁵ Pratyush Chandra & Dipankar Basu, ‘Neoliberalism and Primitive Accumulation in India’, *Sanhati*, March, 2007

²⁶ Chandra and Basu, *ibid*

²⁷ Harvey, *ibid*, p. 159

neoliberal resurgence, they argue, since the mid-1970s can be understood as capital's counter-revolutionary response to the crisis that enwrapped "embedded liberalism" internationally in the late-1960s, with signs of a serious crisis of capital accumulation.

Writing in the Indian context, Chandra and Basu observe, in accordance with Harvey's framework that what is going on in India today can be understood by employing the concept of primitive accumulation. We are observing almost all of the phenomena that characterize the process of primitive accumulation, for instance, separating primary producers from land, privatization of the 'public', conversion of common property resources into marketable commodities, destroying non-market ways of living, etc. The routinely occurring instances of displacement and state-led land grab are feeding into the overall process of primitive accumulation in India by divorcing primary producers from the land or restricting direct access to other common property resources like forest, lakes, river, etc. Chandra and Basu try to explain the need for a surplus work force in the context where there already exists a sizeable workforce. They argue that we need to look at the whole process from the perspective of capital. Newly created work force will sell the ranks of the existing proletariat and will increase the relative surplus population, which he refers could be "floating, latent and stagnant". This they explain would serve to depress real wages and thereby increase the rates of profits on each unit of invested capital. One of the major features of the neoliberal regime of accumulation has been the incessant drive towards 'informalisation' of the labour process which would further the growth of the relative surplus.²⁸ They draw attention to the large scale land acquisition process in the state of Chhattisgarh in this regard and while citing from one of the reports, they quote:

...tribal lands are the most sought after resources now. Whether it is in Orissa or Chhattisgarh or Andhra Pradesh, if there is a patch of tribal land there is an attempt to acquire it. It is no geographical coincidence that tribal lands are

²⁸ Chandra and Basu, *Ibid*

forested, rich with mineral resources (80 per cent of India's minerals and 70 per cent of forests are within tribal areas) and also the site of a sizeable slice of industrial growth. The tribal districts of Chhattisgarh, Orissa, Jharkhand, Karnataka and Maharashtra are the destination of us \$85 billion of promised investments, mostly in steel and iron plants, and mining projects. Ironically, these lucrative resources are of no benefit to the local people: an estimate of 10 Naxal-affected states shows that they contribute 51.6 per cent of India's GDP and have 58 per cent of the population. As with Chhattisgarh, all these states have a strong Naxal presence and are witness to movements against land acquisition. The state governments say these protests are Naxal-inspired. Local people say, however, that all they are trying to do is protect their land, forests and livelihood.²⁹

They also point out the ways through which the State seeks to facilitate primitive accumulation, and by raising mercenary forces like the *Salwa Judum* which is supported by the traders, moneylenders, civil servants and tribal neo-elites, who function as intermediaries in the regime of commerce-based surplus extraction. These classes are known for being the most exploitative ones in the traditional set up, often flourishing well with the 'modern' structures of power. The absence of any legally recognised land rights of tribal communities, has allowed the State to use principles such as *terra nullius* and that of the 'eminent domain' to expropriate their lands. These communities have continued to exist in defiance of all these legalities. But with the recent intensification of efforts to secure resources for corporate profiteering, along with the continued presence of the 'primitive extractive modes of exploitation', these communities have been left with no real choices but to arm themselves for securing their unrecognized rights³⁰. With this there also comes in the crucial aspect of the resistance being offered by the masses facing the brunt of the 'development' as defined by the state. The strong emphasis laid by this framework of analysis is particularly significant to it and it works to demystify

²⁹ 'Anti-Naxal operations a cover for exploiting tribal people', *Down to Earth*, Vol. 15, No. 11, October 18, 2006

³⁰ Chandra and Basu, *Ibid*

opinions that at times surface linking this line of argumentation with structural causation as opposed to a faith in socially induced changes. A dialectical view is what must inform our understanding.

Besides these widely discussed cases of recent land acquisition and displacement, they point to the numerous conflicts around the rights over water resources over the years. In almost all such cases, the state has been adamant upon the construction of big dams and other hydroelectric projects despite all evidence of the net negative marginal costs of these projects. They take the example of *Narmada Bachao Andolan* which has been one of the prominent forces constantly exposing the anti-people, anti-environment character of these projects. They bring out the interconnectedness of the political with the so-called economic in the case of the Himalayan region of Uttaranchal where riverbeds and surrounding lands have been 'enclosed' for private capital to be used for power generation and lucrative tourism projects. Looking at the sites for 'enclosures' closer to the urban centres they refer to the 'clearing' of slums, in cities like Delhi and Mumbai, which have naturally been the hotbed of the politics of and against "new enclosures".

They remark that "we suffer not only from the development of capitalist production, but also the incompleteness of that development"³¹. To them, the lingering of the "vestiges of feudalism" along with the capitalist mode of production is hindering the process of a smooth process of transition. Instead it is giving rise to a hybrid mode of production that suffers from the tenacity of the old mode of production and the unwillingness of the new mode of production to eliminate it. In this context they write that, "we will have to recognize the fact that during the stage of imperialism, and more so in the present postcolonial situation, a high level of capitalist development no longer requires the elimination of the traditional class of 'small producers' and other pre-capitalist 'remnants'"³². Without developing this idea too

³¹ Chandra and Basu, *Ibid*

³² Chandra and Basu, *ibid*

far, they cite the example of Japanese economy which has managed a high capitalist development without doing away with small producers.

Stressing on the specific characteristic of unevenness as the essential feature of capitalist development, they argue that any mode of regulation, including neoliberal globalisation, has to negotiate with diverse stages of societal development. Therefore, local reactions against this new wave of capitalist consolidation and accumulation are bound to be diverse. In the Indian context, they are all struggles against a stuttering capitalism and against the inherent brutalities of primitive accumulation.

The Accumulation and the 'Primitive': Imperialism and Articulation of the modes of production in erstwhile colonies

The contentions about the process of primitive accumulation involve both the aspects of the means of appropriation deployed and the effect of the processes of appropriation on the areas of its operation. It is to the latter that we turn now after a discussion on some of the recent and markedly influential expositions on the issue. The relevance of going through the major positions informing the debate on the articulation of mode of production would be marked by the need to understand the different positions on the current debate on the relevance and theoretical necessity of the concept of primitive accumulation. The expositions so far elaborated have tended to understand the reality of these societies facing large scale capitalist penetration as being pre-dominated by capitalism while the vestiges/remnants/pockets of old modes of production exist alongside it, often hindering its optimum capitalist development. Nonetheless it is viewed as one of the many stories of the growth of capitalism. Since there does not exist a copybook path for the development of capitalist mode of production, this forms one of the ways of its development, a different, yet unarguably one such way. Another set of positions exist, albeit there does not exist much theoretical work that develops these ideas and its fallouts in any great detail, which, while in concord with some of the prime expositions of the earlier discussed thesis on primitive accumulation, see only a

limited ability in the concept to explain the present reality. Some amongst them fix it in time and space as the "pre-history of capital", as the process which brought about capitalism, but was not the product of it. The analysis of the mode of production in the countries witnessing such widespread and enforced extraction of resources is essential to their analysis. Also very significant is the role played by the penetrating capital in the indigenous development and the inability/unwillingness/non-necessity for this capital to destroy the existing parasitic modes of production in these countries. They stress the intractable nature of the imperialism's alliance with entrenched feudal structures. Therefore, in this view, the third world countries become and will remain a part of the world capitalist system as sources of surplus extraction, in the form of raw materials, cheap labour force, etc., always as appendage to the world capitalist system i.e. imperialism. In this way, even if the predatory practices of capitalism and the use of force, violence and naked deceit inform much of its processes of surplus extraction, they do not characterize it as primitive accumulation. Although instances of dispossession of the peasantry in these countries are numerous, they still do little to alter the dominant reality of these countries, which remains closely attached to the feudal structures for a variety of reasons. Since, as already stated, this line of argumentation suffers from a lack of theorization, I would not dwell on it in much detail. Nevertheless, I feel the compelling need to understand the impact of capitalist accumulation in the areas of the 'outside' as an absolutely essential aspect of grasping the phenomena of imperialism in its entirety as in placing the role of the primitive accumulation in contributing to its fuller understanding and comprehension.

Comparing, relating and juxtaposing the various studies done on Africa, Latin America and other erstwhile colonized nations and the impact of capitalist penetration on these societies reveal the similarities of experiences across these societies and the role of 'moribund capital' from the imperialist countries. I wish to draw the analysis of these societies from the perspective of transition and the articulation of the mode of production.

The 'primitive' inhabitants of the soils of the erstwhile colonies of Africa, Latin America, and Asia have been the worst sufferers of the most horrid forms of means of exploitation and accumulation. The tales of the invasion, exploitation and the forms of 'inclusion' (often concealing deeply entrenched structures for sustained exclusion) of the primitive inhabitants reveal the ways and means by which capital penetrated these societies with primitive, feudal, pre-colonial modes of production and the long term changes that it effected in the countries of its operation. The debates around the mode of production and transition of these societies would serve to highlight the moribund nature of the capital that invades these territories and ushers in 'development' only of crony capitalism which inevitably develops only underdevelopment, as A G Frank called it. This marks a crucial difference from the conception of primitive accumulation that Marx talked about and therefore would add another significant dimension to our consideration of the process of primitive accumulation being a continuous one, for all intents and purposes, keeping aside the old images of what the concept (primitive accumulation) evokes and the debate on the use of this particular terminology³³.

Reini Raatgever³⁴ discusses the questions surrounding the concept of the mode of production comparing the various French anthropologists and the way they had conceptualized the mode of production in the pre-capitalist societies by using Marxist theoretical tools to understand them. She identified a varying range of impulses that informed the works of these anthropologists. This has serious repercussions in the way they looked at the concept of the mode of production and at worst had rather manipulated with the concept itself. They discussed some

³³ Although not to undermine the salience of the point, accumulation, even in today's context involves to a major extent, the accumulation of the 'primitive' i.e. the primitive inhabitants of the Third World, the primary difference being the nature of impact on the economy of the entire country. The debate on their full/half/semi proletarianisation still remains one of degree and thoroughly subjective.

³⁴ Reini Raatgever, 'Analytical tools, intellectual weapons: The discussion among French Marxist anthropologists about the identification of modes of production in Africa', in Wim van Binsbergen and Peter Geschiere ed. 'Old Modes of production and Capitalist Encroachment: Anthropological Explorations in Africa' KPI, London, 1985

significant aspects of *how* must a mode of production be identified, what are the criteria to distinguish between various modes of production, etc.

The question of articulation of modes of production is a prime question especially in case we need to study any social/political/economic processes of non-capitalist or underdeveloped societies. The capitalist system, Raatgever holds, enters into specific relations with the existing system and encounters it in a particular locality. The form that ultimately emerges is a result of the specific and complex union of the two and cannot always be described as “being transitional towards capitalism in its North Atlantic trappings”. The “articulation of the modes of production” here becomes a crucial concept which denotes the specific union between two or more modes of production within a more or less stable social formation.³⁵

Althusser and Balibar’s work is recognized widely for its contribution in analyzing the nuances of the period of transition and contributing to the discussion on the articulation of the modes of production. Although Marx had outlined the theory of modes of production preceding the capitalist mode, Althusser writes that he did not give any decisive theory on the transition from one mode to the other.³⁶ Without a theory of transition however, it is impossible to comprehend the realities of the underdeveloped third world countries, much less the role and impact of imperialist capital on the nature of these societies.

Theorizing on the question of transition and responding to the debate surrounding the idea of transition and to the line of thought that treats it as more or less a period of flux, not offering itself to any kind of easy, clear, or meaningful analysis, Balibar writes that the transition from one mode of production to another must never be seen as an ‘irrational hiatus’ between two ‘periods’ or a moment of ‘destructuration’ but is rather a movement subject to a structure which needs to be discovered by painstaking analysis and using the Marxist tool and methods of analysis in a non-reductionist way. The forms of transition are seen by him as ‘forms of

³⁵ Raatgever, *ibid.*, p. 292

³⁶ Louis Althusser and Etienne Balibar, *Reading Capital*, Verso, London, New York, 1970, p. 197

manifestation' and they form a mode of production in themselves. They embody the same conditions and the same relations of production as a mode of production would.³⁷

An analysis of the colonial and contemporary situations in Africa, just like that in Asia or India necessitate a broader framework of underdevelopment, dependency, articulation of the modes of production, colonialism, and imperialism in order to understand the thriving and complex workings of its economy and its related impacts. One needs to conceptualize and understand these various aspects related to political economy in order to understand the process of land grab for either investment or extraction of raw materials by imperialist interests in the third world economies, especially in India. This aspect of forcible land grab remains villy nilly the central aspect that draws attention to the theorizations on primitive accumulation at present.

The underdevelopment and dependency perspective, as Andre Gunda Frank³⁸ writes, argues that capitalism destroyed and/or transformed all pre-capitalist societies upon its contact. They were then sought to be incorporate into the metropolitan-dominated, capitalist world system. These metropolitan societies then became the sources for accumulation of capital. In such a scenario, that economic arrangement became the sole source for extracting any kind of benefits for the home economy. The 'development' therefore was dependent on the extraction economy put in place by the imperialist interests. The fate of these third world societies which were converted into satellites and made dependent on the metropolitans, however in Frank's view, was not development but underdevelopment. The main characteristics of this system of 'development' include decapitalization, structurally generated unproductiveness and growing impoverishment of the masses.

³⁷ *ibid.*, p. 273

³⁸ Andre Gunda Frank, *'Latin America: Underdevelopment or Revolution?'* Monthly Review Press, New York and London, 1969

Ernesto Laclau³⁹ has offered a criticism of Frank's theory of underdevelopment and the impact of colonialism and subsequent imperialism on Latin America. He argued that Frank does not differentiate between the sphere of commodity exchange, or market and production relations from the sphere of production. At the level of exchange, Laclau argues, the metropolitan Latin American economies have distinct traits of being capitalist, as the commodities produced feed into the processes of production and accumulation in the capitalist center. At a level of relations of production however, the question is far more complex, as the Latin American societies retain conspicuous elements of feudalism, which are not exogenous to capitalism but are intrinsic to it and are structurally a constituent of it.

Many other political economists as well as anthropologists have supported Laclau's observation about the continued existence of traditional modes of production even on contact with capitalism and that capitalism does not eliminate them, rather keeps them alive as it suits its elaborately developed network of maximum possible accumulation/extraction of capital. Incidentally, these views are quite similar to what Rosa Luxemburg had argued about the nature of capitalist accumulation. She too had pointed out that capital does not eliminate the pre-capitalist upon contact with it as it had done in the days of what Marx described as primitive accumulation in England. It seeks to erode only as much as hinders the desired amount of extraction, rest is not only retained, but it is given a place of prominence in the social relations that exist in those societies. Her observation of the processes contemporary to her had forced her to look at this aspect of capital closely. She produced a work of great relevance for our times, which successfully laid down some of the foremost precepts of the social changes and organizations that we witness today. How so ever discredited her theory of under consumption or the 'imminent end of capitalism' might be, she produced some remarkable and extremely relevant insights, the consequence of which we are only now discovering.

³⁹ Ernesto Laclau, '*Feudalism and Capitalism in Latin America*', *New Left Review*, Vol. 67, 1971

Among the various anthropologists that agreed with Laclau's propositions, Rey distinguishes three phases in the transformation to capitalism that apply, with some qualifications, to almost all non-capitalist modes of production.⁴⁰ Since capitalism seeks to extract resources in non-capitalist societies, it is dependent on the pre-capitalist mode and tends to support and use it. The already existing channels of extraction are sought to be harnessed. This comprises the first phase where the linkage occurs with capitalism in the sphere of exchange. During the second phase capitalism as a mode of production tends to take roots, subordinating the pre-capitalist modes to itself but continues to use them in its favour. During the final phase, reached only in the United States so far according to Rey, all pre-capitalist modes of production disappear. Rey's conclusion with regard to the first phase of capitalism is supported by many who vindicate it with evidences on the slavery in pre-colonial Africa, transatlantic slave trade, on state formation in West Africa in the sixteenth to the nineteenth century etc.⁴¹.

Beyond the first phase however, Rey's theory has been contested by many. They argue that the relationship between the capitalist and the pre-capitalist forces is far more complicated than suggested by Rey. It is now widely regarded that the model of one-sided domination of capitalism leading to ultimate destruction of the other modes of production is a simplistic assumption that undermines the aspect of class alliance, among other kinds of inter-relationships, between various forces. The destruction of non-capitalist modes of production and emergence of a wage labour force which Rey argues for is just one among many examples from his study that have been problematized by others. Beverly Grier shows that contrary evidences are also plenty.⁴² She shoes through numerous examples that such processes were achieved at a much slower rate and through extremely complicated processes. One example she cites is that in indigenous societies where basic consumer items are

⁴⁰ Beverly Grier, 'Underdevelopment, Modes of Production and the State in Colonial Ghana, *African Studies Review*, Vol.24, No. 1, March 1981

⁴¹ Grier, *ibid*, she refers to the works of Terray (1974, 1975,1980), Klein (1981), Cooper (1979), etc

⁴² Grier, *ibid*. p. 24

produced through individual household items, a slower process of proletarianisation may result from the introduction of cheap imported commodities. Further, she explains that the commercialization of peasant agriculture over time results in the sale of communal lands, peasant indebtedness, and the concentration of land in the hands of a few who employ the dispossessed peasants as wage labour or as sharecroppers. By this process over time, the surplus rural population emerges whose labour is available to the colonial capital in urban centers.⁴³ This process of proletarianisation of the agrarian labour is therefore a very complex and a lengthy process.

Grier further observes that for a very long time, the wage labour force remains as a seasonal or migratory labour force, supported in parts by the subsistence agricultural production in the home village. Therefore, their complete transformation as a proletariat labour force cannot be assumed. Further, shows Grier, in instances where the destruction of pre-capitalist systems advances to the stage where the capitalists are bound to pay more wages for the subsistence of the force which can no longer survive on their agricultural productions, the state intervenes to reverse or delay the process of such destruction.⁴⁴ This furthers Lenin's analysis of imperialist capital as 'moribund capital' which by no means is a progressive force. It is also in harmony with Wallerstein's argument that it is in the interest of capital not to fully proletarianize the work force.⁴⁵ This could also go along with Tom Brass's conclusions that 'unfree' labour is in fact not suggestive of non-capitalist mode of production. On the contrary, it is very much a part of the capitalist logic⁴⁶.

⁴³ Grier *ibid.* p. 25

⁴⁴ Grier, *ibid.* p.25. He refers to Harold Wolpe who shows intervention of this kind by the state of South Africa which shifted the policy of segregation to the policy of apartheid in order to stop such destruction.

⁴⁵ Jim Glassman, *ibid.* p. 613

⁴⁶ Tom Brass, 'Unfree Labour as Primitive Accumulation?', *Capital & Class*, Vol. 35 (1), p. 28

Hamza Alavi⁴⁷ delves into the explanation for the failure of capitalism to dissolve all non-capitalist modes of production outside Europe. He sees no contradiction of articulation between capitalist and non-capitalist modes of production within the colonial economic system. He goes on to suggest that there is an emergence of 'a colonial mode of production' due to the contact of capital with non-capitalist modes of production. The colonial 'feudalism' is not contradicted but rather generated and buttressed by the metropolitan capital, according to him. "The specific structural features of colonial agrarian economy are formed precisely by virtue of the fact that imperial capital disarticulates the internal economy of the colony...and integrates the internally disarticulated segments of the colonial economy, externally into the metropolitan economy."⁴⁸ He further asserts, that imperialism far from bringing any 'revolutionary transformation' to the existing feudal relations of production in colonial agriculture being itself a separate/progressive mode of production which is in antagonism with the latter, creates and reinforces them. This 'unity' of the two apparently contradictory modes of production is effected by the unified structure of imperialism. It blends the center and the periphery into a single formation and its contradictions can only be grasped in the totalizing context of the "accumulation on a world scale".⁴⁹

Grier argues that, Rey, much like modernization theorists of the 1950s and 1960s, assumes that the failure of the transition is due to the backwardness and traditionality inherent within the pre-capitalist modes of production themselves. This argument can therefore be pursued to further argue that more exposure to capitalism (which implies exposure to western ideas, values, etc.) will result in speeding up the transformation.⁵⁰ On the contrary, Alavi recognizes the causes of failure of the transformation to the deliberate and structured disintegration and reintegration, as per convenience, of the modes of productions during the colonial

⁴⁷ Hamza Alavi, 'India and the Colonial Mode of Production', *Socialist Register*, 1975

⁴⁸ Alavi, *ibid.* p.185

⁴⁹ Alavi, *ibid.*

⁵⁰ Grier, *ibid.*, p.26

rule. Alavi also shows that the colonial state did not intend to implant capitalist relations of production but simply had set up bourgeois property and bourgeois legal and institutional apparatus as the necessary and integral machinery to ensure and strengthen the imperialist economic domination.⁵¹

In support of her argument and for lending more weight to her opposition to Frank and Rey's position, Grier conducts a detailed study of agricultural and other rural producers in Ghana. She shows that the rural producers of Ghana were incorporated into the expanding world-wide capitalist system, but it did not result into the immediate capitalist transformation assumed by Frank, nor in the eventual transformation predicted by Rey.⁵² The decapitalization and structurally generated unproductiveness have resulted due to the partial integration of the pre-capitalist economy into the world capitalist system. The penetration of capitalism in Ghana had been a distorted one as had been the functioning of the pre-capitalist mode of production. Capitalism moreover disintegrated the aspects of the pre-capitalist systems which hindered its profit accumulation whereas retained those which were helpful in maintaining its economic and social domination.

Thus far, we see the crucial difference between the primitive accumulation that Marx had described and that what later Marxists have called 'the continuation of the primitive accumulation' or 'accumulation by dispossession'. This constitutes an importance difference that while the primitive accumulation in the fifteenth century England was affected by the onward march of capital which subsumed all non-capitalist social forms, it does not play the same role once it is exported out, to feed the system once it is irreversibly established. The progressiveness of the capital that Marx talked about disappears when it becomes colonial or imperial capital. It hinders the development of native, indigenous capital and acts contrary to the interests of the local industries, for example, the infant textile, handicrafts industry in India in was ruthlessly crushed and rendered uncompetitive in the

⁵¹ Alavi, *ibid.* p.186

⁵² Grier, *ibid.*, p.42

world market. This difference is important to bear in mind while considering the functioning of imperialism and the response it generates in the third world societies and this is one line of argumentation that is sought to be advanced to pose some questions to those who argue for the continuous character of primitive accumulation.

The debate of multiple modes of production, their domination and co-existence was also recognized to have been well furnished by Claude Meillassoux.⁵³ Although he criticizes the simplistic and often faulty way in which Marx himself had characterized the pre-capitalist society, especially the non-European ones, he develops a strong Marxist understanding to conceptualize the pre-capitalist economy and society. Meillassoux holds that economic formations are a combination of several modes of production, one being a dominant which governs the basic relations of the society at large. Meillassoux's work is specifically important in the way it depicts the interplay between production and reproduction of labour and the way in which the internal dynamics of the domestic and village communities as well as their connection with external agencies determines the generation of labour force for the imperialist expanding market.

Meillassoux's work is also particularly significant in explaining how the population in the underdeveloped or the third world 'periphery' is generated into a cheap labour force.⁵⁴ The reality of the tribal population in India from the colonial times to the present is a tale that vindicates this view. It is the slow and gradual dispossession of the tribal population off their own modes of subsistence and livelihood practices to convert them into a commodifiable cheap labour force for the growing industries and other institutions of the expanding global capital.

When it comes to the issue of underdevelopment, Meillassoux feels that other contemporary Marxist writers had focused more on 'unequal exchange' rather than

⁵³ Claude Meillassoux, 'From Reproduction to Production: A Marxist Study of Economic Anthropology', *Economy and Society*, Vol.1, 1972,

⁵⁴ Refer to works of Prathama Banerjee, Amita Baviskar, etc.

focusing on the 'exploitation of labour'.⁵⁵ Although these writers, feels Meillassoux, admit that exchange creates value and the imperialist countries derive the wealth from exploitation of workers in the peripheral countries, they often confuse the cause with the effect. To cite an example he discusses the work of Samir Amin.⁵⁶ For Amin, shows Meillassoux, the labour in the peripheral countries is rendered cheaper with equal productivity, because of the increasing surplus of labour power there. The relative 'over population' (that is excess population in proportion to the employment opportunities) in the peripheral countries is often due to structural circumstances like that of the introduction of an import oriented agriculture and the vanishing cottage industries due to various reasons, including the withdrawal of the state assistance from these sectors, which are not replaced by any other means of subsistence, etc. These circumstances put together produce a growing imbalance of supply and demand of labour power, creating thereby, a huge reserve of unemployed/partially employed/under employed labour force, pulling down the wages on the whole, and providing a huge impetus to the generation of surplus capital.

But as Meillassoux holds, explaining low wages in terms of supply and demand is an erroneous statement in many ways. The supply and demand theory cannot be used to explain the continuous exploitation of labour after certain equilibrium is reached, which can happen due to the reproduction of labour power. Sometimes the law of supply and demand becomes irrelevant in underdeveloped situation according to Meillassoux. It is inadequate to explain in terms of low wages. Meillassoux gives the example of Ghana, where there was either acute shortage of labour which did not reflect in the wage structure, or where wages were high in the initial stages as the population at hand had the alternative means of subsistence through agriculture. These problems were solved by migration of workers from North Africa or the more underdeveloped French territories which were not yet

⁵⁵Meillassoux, *ibid.*, p.91

⁵⁶ Samir Amin, 'Accumulation of Capital on a World scale: A critique of the Theory of World Development', tr. B. Pearce, Monthly Review Press, New York, 1974

involved in export crops.⁵⁷ Moreover, the colonizers in Africa, shows Meillassoux had to retain a lower wage structure to prevent the migration of the workers back to their villages as soon as they had earned their set target. All these examples show that the conversion of the population to a cheap labour force cannot be explained with a simplistic argument of supply and demand. It is much more complicated especially when people mostly are variously the land in a more substantial sense and have their alternative means of subsistence through agriculture. Meillassoux quotes Marx to vindicate this argument.⁵⁸

Meillassoux argues that although Amin's argument holds some merit in the industrial sector of the underdeveloped countries, it falls flat in the agricultural sector. It is grossly fallacious, in his opinion, to exclude the problem of exploitation of labour forces, and thereby class struggle from the issue of underdevelopment and to reduce it merely to terms of unequal exchange. He further argues that if the causes of underdevelopment were simply unequal exchange (limiting it thereby to the level of international trade) the problems could be resolved between states as international institutions claim to do (for e.g., GATT, FAO etc.). The struggle of the exploited people against domination and poverty would be channeled through the mediation of their governments. They would reflect the terms of reformism and nationalism. Meillassoux further comments with a note of sarcasm, that in such cases revolutionaries would have no other roles but to 'merely advise the governments- whatever the regime'.⁵⁹ But on the other hand, if underdevelopment results from the over-exploitation of labour, the 'political action falls into the hands of the exploited classes of those countries once they are liberated from the 'protection' of 'charitable co-operation'.⁶⁰ Amin, on the other hand, by setting the discourse at the level of unequal international exchange, places states and not classes in opposition and contradiction to each other. The economic divide would be

⁵⁷ Meillassoux, *ibid.*, p.92

⁵⁸ Karl Marx, 'Capital' vol.1, (1867), Lawrence and Wishart, London, 1970

⁵⁹ Meillassoux, *ibid.* p.93

⁶⁰ *ibid.*, p.93

equivalent to divides of national frontiers. Meillassoux rightly and forcefully asserts, that such theories would be readily acceptable to bureaucracies and more so by the comprador bourgeoisies of the underdeveloped nations. The later forces claim to be nationalist and although they do not profit as they would like to from the colonial exploitation, are never-the-less its allies and accomplices. Theories like that of Amin's bolster their justification to play the role of the exploiters. It allows them both to demand a larger share of the profit as well as pose as defenders of national interests.⁶¹

As mentioned earlier, Meillassoux deliberates well on the debate of 'modes of production'. Extending his argument of the reproduction of labour forces, which imperialism does by organically linking the capitalist and the domestic economies, he holds that heterogeneity is organically involved in the capitalist mode of production. It means that some modes of production (capitalist in this case) organically and not residually contain the elements of other modes (like the feudal or the domestic mode) within its structures. 'A historical confrontation between them cannot be considered as entailing the substitution of one for the other, but rather their mutual transformation or dependency of one on the other.'⁶² He further suggests that it is not in the immediate interest of the capitalists, in a certain stage of infiltration, that it forcibly separates the direct producers from their means of subsistence. It is rather by *preserving* the domestic sector in certain forms that the imperialist forces 'realize and further perpetuate primitive accumulation'. Modes of production are not 'articulated' at the level of 'class alliance' between capitalists and feudal forces like the corrupt lineage leaders, but is entrenched organically in the sphere of economy itself.⁶³ Therefore, while linking the role of imperialist capital to the perpetuation of the interests of traditional modes of production, he seeks to further the argument for looking at primitive accumulation in a continuous sense.

⁶¹ *ibid.*, p.94

⁶² *ibid.* p.96

⁶³ *ibid.* p.97

Emmanuel Terray, following in Althusser's footsteps, defines mode of production as a system which consists of three spheres: an economic base, a political-juridical as well as an ideological superstructure.⁶⁴ The economic forces, according to Terray, are made up of a system of productive forces and relations of production. The productive forces and relations of production indicate a relation between labour, means of production, and objects of labour. Productive forces refer to the technical relations implying the appropriation from nature by man. The relation of production implies the appropriation of what is being produced. The control structures are concretized and distribution structures are determined by the relations of production. The relations of production are also manifested in and manipulated by the political and ideological spheres.⁶⁵ Terray, like Raatgever, adopts Marx's proposition that a means of production constitutes a measuring scale for the development of human labour.⁶⁶ The relations of production, on the other hand, determine the specific character of the mode of production. The mode of production thus according to Terrey does not consist merely of the forces and relations of production but also in equal measure of the ideological and political forms that correspond with the relations of production.

Understanding the articulation and alliance of modes of production of the societies of the third world cannot be completed without properly assessing the role of colonial rulers and subsequent processes of de-colonization or the lack of it. Another line of argumentation argues that the colonization of places and people where certain non-capitalist modes of production had existed saw a different kind of articulation and domination rather than an amicable alliance. As Peter Geschiere explains, in Europe, the intensification of the contradictions within feudalism provided the foundation of the growth of capitalism. In some regions 'a class alliance' was possible as the interest of the feudal lords and the capitalist

⁶⁴ Raatgever, *ibid.*, p.304, he refers to Terray's work, '*Le Marxisme devant les sociétés 'primitives'*', Maspero, Paris, 1969

⁶⁵ Raatgever, *ibid.*, p.305

⁶⁶ Raatgever, *ibid.*, p.305, Terray referred to Marx's *Capital*, vol.1, Harmondsworth, Penguin, 1975

entrepreneurs coincided. The development of the urban industry provided a market for agricultural products, which in turn stimulated the feudal lords to rationalize the farming systems. In lands where colonialism expanded however, the situation was not always similar. In Africa, for example, the capitalist expansion required different methods as the pre-capitalist relations offered fewer 'footholds' than in Europe. The capitalist entrepreneurs had much lesser chance of entering into 'class alliance' with the dominant groups of the old modes of production. The entrepreneurs therefore were much more dependent on the colonial state to intervene by employing extremely coercive measures to 'break open' the old production communities and forcibly adapt them to the demands of the capitalist system. Coercive state interventions were necessary to stimulate production and generate necessary labour force for capitalist market.⁶⁷ This argument therefore falls in line with Rosa Luxemburg's observations about the role of colonialism in South Africa and the means it employed in securing copious amount of surplus from those lands.

The role of the state, argues Rey, in the articulation of the capitalist and domestic modes of production is crucial only during short transitional phase. State coercion, according to him, was only needed to break open the old production communities in order to facilitate the circulation of money. As soon as this happens, capitalism takes root which then proceeds to destruct the existing old modes of production.⁶⁸ However, although Rey furnishes this amply in his work on the development of the Mossendjo region in Africa, the finer critiques to this approach has been mentioned earlier. Geschiere also empirically counters Rey's tenet that the

⁶⁷ Peter Geschiere, *'Imposing Capitalist Dominance Through the State: Multifarious Role of the Colonial State in Africa'* in Wim van Binsbergen and Peter Geschiere ed. *'Old Modes of production and Capitalist Encroachment: Anthropological Explorations in Africa'* KPI, London, 1985, p.113. However, the author also mentions that this is not the universal reality across Africa as instances of class alliance between the capitalist entrepreneurs and the power groups within the pre-capitalist modes could also be seen at places. The elite of the pre-colonial chiefs in Buganda, the Marabouts of the Murids in central Senegal entered into such alliances with the capitalist entrepreneurs who invested in their land. P,113.

⁶⁸ Geschiere, *ibid.*, p.120

colonial state intervention had remained confined to a small transitional phase and after which capitalism proliferated on its own and state intervention was no longer needed. Geschiere shows the colonial developments continued in Makaland even after the transfer of power in Makaland, Africa. Contrary to the end of direct state intervention in favour of the capitalists, Geschiere shows, how directly the state has continued to be involved in the cultivation of market crops till now. The state intervenes not only through propaganda or indirect coercion but also through direct intimidation. Further, the marketing of certain cash crops is under the complete control of the state. In fact, in present day Africa, comments Geschiere, state intervention has become a rule rather than exception.⁶⁹ The Indian experience with the old modes of production and capitalist encroachment are quite similar to these. The capitalist forces during the colonial rule in India were heavily dependent on the state intervention to make the initial inroads within the domestic modes of production. The enactment of new land systems, the introduction of money economy, taxation, banking systems, forcible cultivation of cash crops, along with the establishment of new state machineries, new modes of surveillance and control by the state, all had facilitated capitalism to take roots. Capitalism established new relations of productions as well as fortified many of the existing feudal relations of production to its own benefit. It worked on the existing structures and therefore the articulation of multiple modes of production within the social structure of India, or Jharkhand was possible.

Beyond the transfer of power the hegemony of the nation state continued to support and bolster imperialist and feudal forces. The dispossession of peasants, especially the tribals, from their habitats continued along with the devastation of their cultural autarky. And in many instances it degenerated from the colonial situation just as the alliance with imperialism intensified while the generated capitalist relation of production did little or nothing to destroy the existing feudal relations even after the transfer of power.

⁶⁹ Geschiere, p.123

Unfinished Decolonization, the Mode of Production, and Imperialism: A Brief Survey of the Indian Context

The studies and the analysis of the tribal/domestic mode of production along with its subjugation and submergence to other dominating modes of production mentioned above in Africa, Latin America or other underdeveloped ex-colonies of the third world however, finds its definite resonance in the Indian context as well. It is the similar tale of imperialist domination as well as articulation of modes of production with the advent of capitalism. The tribals are one of the worst and foremost sufferers of that aggression. The 'primitives' whose dispossession still continues unabated, have always been the target of both the colonial and imperial onslaughts.

As R.S Rao⁷⁰ examines the context of the Indian society, he shows that this society is afflicted by imperialist capitalist exploitation as well as feudal exploitation. The two processes meet at the level of circulation where there is a commonality of interests. Poor peasants and agricultural laborers face the maximum brunt of these exploitations. They are subjected to both economic and extra-economic coercion imposed by these forces of production.

Krishna Bharadwaj⁷¹ also delves into and explains cogently the production and exchange relations in the rural sector of India. She deems it fallacious to analyze the agricultural sector with the ideas and tools used for understanding and evaluating the working of a competitive market process and elements of the process of free decision making. The stark manifestations of feudal relations although had been obliterated with time she shows how the elements of the same are thriving in

⁷⁰ R.S Rao, 'Towards Understanding Semi Feudal and Semi Colonial Society', Perspectives, 1995

⁷¹ Krishna Bharadwaj, 'On Analyzing Change: The Context of the Indian Economy', 'Accumulation, Exchange, and Development: Essays on the Indian economy' Sage New Delhi 1999

both covert and overt ways making the rural society particularly semi-feudal. She furnishes this with a lot of examples, the primary being the one of bonded labour. In the colonial time, bonded labour was a very common practice in the agrarian sector, and the tribals were mostly enslaved through means of indebtedness. Now although bonded labour has been outlawed, Bharadwaj shows that a landlord may continue hiring labourers and making them and their family bonded informally by past debt obligations. Even small government functionaries may also extract services from the poor by flaunting their authority. The economic relations, show Bharadwaj, are therefore not governed by the rule of the capitalist market but by the semi-feudal authority.⁷² Thus the relics of old feudal authority thrive in the Indian context, although they are sometimes beyond easy recognition. Bharadwaj shows the continuity of the nexus of the state, the moneylender, and the landlord. Although, she writes, now at times it lapses into the authority of an individual. For quite often the dominant party in the rural market is powerful in more than one ways. For same person may be a prominent landlord and powerful moneylender or a dominant merchant, and he can force the people under his authority, to not only lease land at prices set by him but also to borrow money only from him or to cultivate a particular profit-driven cash crop or to sell his output to him on terms stated by him. All these are symptomatic of the same feudal relations of bondage which seemingly no more exist in society by law.

The onslaught on the peasant population of India (particularly the tribals) has not only been intensive but extensive and multifarious too. The multiple attacks constantly made by various agents of exploitation, be it state, feudal forces or imperialism constitutes a long enduring tale of sustained aggression and plunder of resources.

So far we have looked at the various views that have elaborated on the aspect of how colonialism used its political hold to drain surplus from India's economy. It is also argued that for this purpose, it ruptured important linkages between (and

⁷² Bharadwaj, *ibid.*, p.99

within) various sectors of India's economy. This prevented not just the growth and development of indigenous bourgeoisie in the country, but sought to cripple and obliterate it for all practical purposes. Whatever industry the existed in the country was thoroughly dependent on the colonial structure for its growth and hence was made subservient to it. A bondage that was difficult for it to shake off even after the colonial rulers departed. While certain internal linkages between the sectors were broken after the transfer of power, certain external ones were strengthened out of proportion.⁷³ This prevented accumulation in some sectors, and diverted surplus to others, stunting growth in large sectors and exaggerating it in select others. This pattern of development fostered certain native classes whose interests were linked with imperialism, and it is these classes that ascended to power with the departure of the British. Maintaining their grip on political power, these classes perpetuated a pattern of development along the same course, under the tutelage of the 'developed world', that is, the imperialist countries⁷⁴. This is one view which is held, which seeks to argue for the continued relevance and ascendance of the networks of traditional and capitalist modes of production. The state power, subsequently controlled by them seeks to work keeping in mind the imperial interests and facilitating capital accumulation as required. This lends credence to the widely observed fact that the state had been and remains an active arbiter in the cases of foreign investment and land acquisition, facilitating smooth and resistance free acquisition and control for the foreign capital. The cases of the use of violence and threat on behalf of the state in various acts of forcible land grab stand out as testimony to this observation. David Harvey too mentions one such incident, of Nandigram in West Bengal, where farmers vociferously resisted the armed attacks by the state forces and the mercenary forces of the ruling party to acquire land for foreign direct investment.

There certainly have been many obvious changes since the end of British rule, and these changes appear to have accelerated in the last decade, yet, it is widely argued,

⁷³ Aspects of India's Economy, 'India's Runaway Growth',

⁷⁴ Ibid

that the economy is in crucial ways still shaped by the legacy of colonialism and imperialism continues to hold strong. As a result, the spectacular growth celebrated today is restricted to particular islands of the economy⁷⁵.

The extremely distorted structure of the economy is conspicuous. The bulk of the workforce is crammed into sectors with very low income and a tiny section of the workforce is in the booming sectors. The links between the different sectors (and within each sector) are missing or weak, allowing islands to flourish in a sea of backwardness and poverty. The gaps between these sectors and sub-sectors are expanding with the growing capital-intensity of the private corporate sector⁷⁶.

The linkages between the current spell of rapid growth in India and certain developments in the world economy and large inflows of speculative capital from the developed countries need to be explored further. It is contended that the current high 'growth' is not essentially an internally generated phenomenon, but an externally induced one. Moreover, the increasing financialization of capital in the imperialist economies has brought some changes in the operation of imperialism in India. Among the by-products of the changes in the world economy is the emergence of Indian firms as 'multinationals', powered partly by foreign capital⁷⁷. However, the increased integration of the Indian economy with the highly financialized global economy implies that the impending crisis in the latter, and particularly the long-term downturn in the trajectory of the leading imperialist power, will transmit both shocks and stagnation elsewhere from its place of origin. This is where the analysis made by Harvey of the reasons for capital to travel out from its home country to the third world comes into the picture. He recognizes that it is in times, primarily of crisis, that capital seeks foreign avenues for investment, exploitation of exponentially cheap labour power, and profitable fields for extraction of raw materials amounting to large scale accumulation of capital to off-

⁷⁵ Aspects of India's Economy, *ibid*, p.

⁷⁶ *ibid*, p.

⁷⁷ *ibid*, p.

set the burden of the crisis. If not for the under development of the third world, the crisis in the developed capitalist system could be much more severe and probably intractable.

As regards the other significant aspects of the accumulation of capital and as Perelman and Harvey argue, of the continuing primitive accumulation, a study of the pattern of growth of the private sector in periods of boom goes to show how foreign inflows have generated a boom in credit, which, given the structure of the Indian economy has fueled a consumerist surge concentrated among the better-off section of the society. This in turn has spurred growth in a range of industries catering to this demand. However, this market has necessarily remained narrow. Inevitably, the push for rapid growth on such a narrow base took the form of 'enclaves' catering to export or the elite: the software and BPO industries, the SEZs, and 'infrastructure' projects fenced off from the requirements of the rest of economy⁷⁸. These are the sectors on account of which the dispossession and accumulation of resources, primarily, land, have been taking place.

While neo-liberalism talks of the need for the State to retreat from economic intervention, it actually requires active state intervention in order to transfer surplus to the private corporate sector on a massive scale. The various forms of privatization and the array of subsidies provided to the corporate sector constitute some of the numerous means by which the state actively intervenes and ensures phenomenal profits to the imperialist capital, apart from the assurance of a 'trouble-free' environment. There has been an extraordinary growth of the financial sector within a small enclave of the Indian economy – a necessary consequence of integration with global financial markets even as the internal economy remains disarticulated. This integration has yielded foreign investors breathtaking returns; it has also placed the Indian economy on a precipice. The fall outs of the 'opening up' of the market have seen an increase the drive for capital accumulation, the result of the post-Fordist restructuring kicked off by the

⁷⁸ *Abandoned: Development and Displacement*, Perspectives, 2008, p. 84, 85

Thatcher regime in London and followed suitably by the rest of the world's economies, as explained by Harvey. Further, even in the absence of a crash, the demands of foreign speculative capital require the further subordination of the productive economy of the vast majority to the financial-speculative island.⁷⁹

These highlight some of the predominant features of the development of the mode of production in India, although it is a narrative that would capture much of the reality of the other third world erstwhile colonies. Although the levels of capital penetration in these countries are rising, the nature and forms that this capital takes are yet to be extensively researched in a theoretically cogent manner. The purpose of the present study is to highlight the various strands of thought that inform this debate in the present times. Yet, a lot of ground work needs to be accomplished before we can carry out a thoroughgoing theoretical assessment of the varied and complex inter-linkages that foreign, imperialist capital has both built and smashed. One significant aspect of a discussion on the impact of the penetration of colonial and imperialist capital in the third world societies, however insufficient and brief, has been a to point out the markedly different role that capital plays after it has been firmly established as a dominant system in its lands of origin. In our discussion on the aspect of primitive accumulation and the insistence on the part of many scholars to examine the continued relevance of it, we have traversed much of the debates and argumentation that inform it. While I would detail my line of thought on the subject in the following concluding pages, it would be essential to point out that the debate has brought to light many aspects which had been hitherto ignored about the world capitalist system. The contention of not relegating primitive accumulation to the 'origins' of capitalism in the west, has provided strong and profuse evidence in support of their arguments. It is a contention that will have and has already achieved wide acceptance amongst Marxist as well as some non-Marxist scholars. What remains to be done is an examination of the workings of these arguments and phenomena in the specific, local contexts of the various areas of

⁷⁹ Aspects of India's Economy, *ibid*, p.

capital's operation. That kind of comprehensive studies alone can provide us with more precise observations, questions, and/or exceptions, if any, to the dominant logic that capitalist accumulation has followed worldwide.

CONCLUSION

The present work is an attempt to develop a methodology by collating some of the existing perspectives to understand the birth and development of the idea of primitive accumulation and to look at the various contentions that exist in favour and against extending the usage of the idea to understand contemporary processes. My attempt is not to look at the idea of primitive accumulation and the process it engenders in isolation. For, as I have tried to show in this work –albeit insufficiently– the scope and the effectiveness of an idea in conveying and capturing the reality is constituted in its *being* and *becoming*. This is essentially determined by the interaction of various forces and their specific outcomes in terms of the changes they produce in the mode of production of a given society and the way it impacts the reproduction of material life.

Any attempt at looking at the deeply complex and multi-faceted processes associated with the idea and functioning of imperialism, which in itself is an extremely complex phenomena needs to keep in mind the specific and local consequences of it in the particular area of study. Therefore, while I have tried to analyze the broad and large scale processes associated with primitive accumulation, like the one of large scale dispossession of the peasantry worldwide, the privatization of public resources, etc., I have also attempted to look at the impact that these interventions have had in particular areas of non-capitalist modes of production, especially drawing from anthropological works based on studies amongst African and Indian tribal population. Studies based on the Latin American experience too have been made use of, since many similarities are to be found in the causes and effects of structural underdevelopment in both these places.

I have included some studies based on the experiences of the tribal populations in various places since the debate on the changes that capitalist intervention has brought about in their social organisation and the modes of production constitute some very interesting examples to consider while making a study of the role of

imperialist capital in non-capitalist areas. Many of processes of dispossession that have been witnesses have to a growing 'reserve army of labour'. But as has been mentioned in the earlier chapter, it has been observed that in most cases they do not quite sever the link with the chief source of production i.e. land. Therefore, while imperialist capital penetrates the non-capitalist modes of production it does not fundamentally change the nature of the traditional mode usually preferring to get into an alliance with the traditional ruling classes which facilitates accumulation.

While this is one factor that distinguishes the process of primitive accumulation as it took place in the fifteenth century England from the processes that we witness today, there are various others which bear a very close resemblance. Apart from the ones already mentioned and dealt with in the chapters, more specifically the last one, there seems to be another one of the disciplining of the workforce that was required and adequately performed that went along with the original process of accumulation. In the context of the tribal population, we observe that a constant process of 'disciplining' them has been going on in accordance with the work requirements of the capital. This process is starkly reminiscent of the processes witnessed at the time capitalist beginnings were made in England.

Although most discussions around the concept of primitive accumulation address the question mainly with respect to the widespread use of violence in order to accumulate, it needs to be firmly established that processes that do not involve stark and overt use of physical force also constitute primitive accumulation as has been stressed by Harvey and Perelman, among others.

The case for looking at the ongoing processes of capital accumulation has been made in a very cogent and convincing manner. Most of the elements as we observe are very much present within the present system. Through our survey of the existing literature on the issue we have discerned some elements within Marx's account of 'original' accumulation that suggest that Marx after all did not relegate primitive accumulation or the process associated with it, to the phase before the birth of capitalism in England. The revealing studies made by various later

researchers, most prominently Perelman in this regard, have very carefully and meticulously exposed this aspect in Marx's thought. The contention that Marx never sought to argue that primitive accumulation stopped after the birth of capitalism, holds great prospects for further research into the area and opens up the field for more nuanced theorization on the subject. It was argued by Perelman and others that Marx meant to highlight the workings of the capitalist system rather than shift the focus of his work to the 'source' of the original capital. He merely sought to contend that market forces take on after one round of forceful, 'non-economic' process of accumulation (in this case primitive accumulation) is over. By no means can that be taken to believe that he suggested an end to the processes associated with primitive accumulation. On the contrary, there is ample evidence to suggest that they went on well into the twentieth century, and are also continuing in the present.

What is regarded as a major lack in Marx's theory was that he did not adequately consider the presence of an 'outside', the non-capitalist modes of production that would constantly interact with the capitalist system. The only place where he discussed this was with regard to colonialism. His expositions on this and other arguments that I will highlight and summarize here have already been elaborated on in the preceding chapters. He considered colonialism as a mode of extraction of the surplus and nothing more than that. He realized that the colonial capital would not change the traditional modes of production in the areas it penetrates and this contradicted his initial positive approach towards it and changed his opinion to one that saw colonialism as parasitic in nature.

Marx on the other hand, did not ever suggest that the process of accumulation of capital would ever be one without violence or would be an entirely smooth process. This he spoke of in the context of both the capitalist system in itself as well as its interactions with the non-capitalist social formations.

Lenin, as we have discussed, extended on Marx's thesis and dwelled in some detail on the nature of capital that needs to be exported out and the impact of imperialist

capital on areas of the 'outside'. He terms it as 'moribund capital' and discredits the idea of it having 'progressive characteristics'. Reacting on Rosa Luxemburg's postulates that suggested the continuing nature of primitive accumulation, he prefers to keep primitive accumulation as the 'original' accumulation and as the usherer for capitalism in the west. He uses the categories of imperialism and capital accumulation to describe the processes that Luxemburg alludes to. Theoretically challenging the argument of the 'realisation crisis' Lenin proposes that capital needs to be exported out for it seeks more profitable avenues for investment, not due to the inability of the existing demand to accommodate the surplus.

Luxemburg on the other hand the pressing need for capitalism to have a pre-existing 'outside' in order to accumulate at a steady pace. Although the problems with her arguments specifically related to the economic theories and the use of reproduction schema have been pointed out and challenged, she nonetheless made very significant and insightful contribution, which had not been observed thus far. She argued that capitalism in order to exist needs the non-capitalist outside. Harvey, among other theorists point to the seemingly correct observations made by her. Now, it cannot be conclusively determined if capitalism really cannot absolutely do without its 'outside', that still is a matter for a long debate, but what has been observed over time has been the tendency, that Harvey highlights, that capitalist accumulation has happened at an increased pace and much more voraciously during the times of capitalist crisis. Therefore, even if not absolutely essential for ensuring capitalism's existence, it seems that the existence of its 'outside' is necessary for its harmonious existence and for bailing it out of crisis from time to time. This seems to be one of the major and most prominent contributions made by the debate on the primitive accumulation in recent times to the debate on imperialism in general. Emphasizing the continuity of the primitive accumulation brings to focus areas that have usually been set aside as belonging to the 'non-economic' sphere which become irrelevant once economic processes take over.

Since the questions raised above invariably lead us to some of the larger and long standing debates in political economy regarding the ability of capitalism to survive

as a closed system, it would be beyond the scope of the present work to delve into it. Although the recent works have well highlighted the continuities between the processes described by Marx and the present context, the debate seems to be shifting from acknowledging the similarities to certain fundamental questions regarding the nature and scope of the concepts such as imperialism, and the theoretical and practical advantages that accrue in both understanding and resisting capital's drive for accumulation at an exponential scale.

It is significant to stress that the aspect of the use of violence for capital accumulation must not be seen only as central to the process of primitive accumulation. Why must the use of violent methods for capital accumulation be associated necessarily with the 'primitive' way of accumulating? Violence remains structurally ingrained in the very logic of capitalism and it constitutes the 'modern' way of accumulating as well and integrates itself into the theory without much discomfort. Therefore, it is well within the 'economic theory' to conceive of the use of varieties of coercive techniques for capital accumulation both in the core as well as in the periphery. Thus the use of force for extraction of resources does not disrupt the harmonious working of the liberal-democratic-capitalist regime. In this context, it can be argued that why must the use of such means for capital accumulation be seen as constituting 'primitive accumulation' rather than simply being part of the ongoing process of capitalist accumulation, being both overtly and covertly coercive.

A further set of questions that I feel can be posed relate to the changes that the process of capital accumulation have produced in the areas of their operation. Although revisiting the idea of primitive accumulation keeping in mind the present context has illuminated many untouched areas, there remain some considerations with respect to the working of capital in the third world. Certainly, in most cases capital has neither created a 'world after its own image', nor has it destroyed the traditional modes of production, creating instead a hybrid mode of production most suitable for maximum surplus extraction. Therefore, here comes in an important distinction between today's 'primitive accumulation' and the one Marx talked about.

Since Marx's concept of primitive accumulation was associated with the establishment of the capitalist mode of production, and could therefore be called 'progressive', the concept of the later theorists, is mainly regressive and parasitic. This constitutes an important difference and is one of the many reasons as to why many scholars are still be wary of acknowledging the continued presence of primitive accumulation.

The development of an indigenous bourgeoisie and national capital that would provide the base for the independent economic growth of a nation was rendered impossible by colonial interventions. The national capital in erstwhile colonies was crushed, first by colonial powers and later by imperialist penetration. The protection needed for the development and growth of a native industrial base and national bourgeoisie was withdrawn as the states in these countries had always been linked closely to the world market and to world imperialist system and deeply entrenched into its systems of capital extraction.

Therefore, it seems imperative to examine the role of imperial capital in all its particularities and root the analysis of capital and its processes of accumulation in the concrete conditions of its existence in the particular areas of its operations. Due to the lack of time and space, this work could not include an in-depth analysis of any particular area in order to ascertain the various features of capital penetration and its processes of accumulation. Although I have tried to give an overview of some of the prominent studies on this particular aspect, it should be backed up with an assessment of the later changes. This would well be the theme for my further research on the topic.

It can be concluded that the primitive accumulation which was at the onset required for the coming into being of capitalism, has now become (rather had always been) the means for ensuring a healthy existence for capitalism. All the barriers to full scale capital accumulation are being gradually and systematically removed.

This debate and the host of literature arguing with a view to look at primitive accumulation as a continuous process has brought forth a large amount of data and

hitherto unexplored links in the chain of capitalist development which has opened up a vast array of possibilities for examining the current nature of capitalist accumulation worldwide. The continuities and changes that have been discerned throw light on the predatory character of capitalism whether in its phase of 'pre-history' / bare beginnings or in its full blown growth into a world capitalist system engulfing all the hitherto 'untouched' areas into its fold. The debate still rages over the 'primitiveness' of the accumulation even though it now seems to be an organic constituent of the 'modern', the very much internal invisible of the visible field.

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