Chapter 31: The Genesis of the Industrial Capitalist

The genesis of the industrial[1] capitalist did not proceed in such a gradual way as that of the farmer. Doubtless many small guild-masters, and a still greater number of independent small artisans, or even wage-labourers, transformed themselves into small capitalists, and, by gradually extending their exploitation of wage-labour and the corresponding accumulation, into 'capitalists' without qualification. In the period when capitalist production was in its infancy things often happened as they had done in the period of infancy of the medieval town, where the question as to which of the escaped serfs should be master and which servant was in great part decided by the earlier or later date of their flight. The snail's pace of advance under this method by no means corresponded with the commercial requirements of the new world market, which had been created by the great discoveries of the end of the fifteenth century. But the Middle Ages had handed down two distinct forms of capital, which ripened in the most varied economic formations of society, and which, before the era of the capitalist mode of production, nevertheless functioned as capital – usurer's capital and merchant's capital.

'At present, all the wealth of society goes first into the possession of the capitalist…he pays the landowner his rent, the labourer his wages, the tax and tithe gatherer their claims, and keeps a large, indeed the largest, and a continually augmenting share, of the annual produce of labour for himself. The capitalist may now be said to be the first owner of all the wealth of the community, though no law has conferred on him the right to this property…this change has been effected by the taking of interest on capital…and it is not a little curious that all the law-givers of Europe endeavoured to prevent this by statutes, viz., statutes against usury…The power of the capitalist over all the wealth of the country is a complete change in the right of property, and by what law, or series of laws, was it effected?'[2] The author should have reminded himself that revolutions are not made with laws.

The money capital formed by means of usury and commerce was prevented from turning into industrial capital by the feudal organization of the countryside and the guild organization of the towns.[3] These fetters vanished with the dissolution of the feudal bands of retainers, and the expropriation and partial eviction of the rural population. The new manufactures were established at sea-ports, or at points in the countryside which were beyond the control of the old municipalities and their guilds. Hence, in England, the bitter struggle of the corporate towns against these new seed-beds of industry.

The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the indigenous population of that continent, the beginnings of the conquest and plunder of India, and the conversion of Africa into a preserve for the commercial hunting of blackskins, are all things which characterize the dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation. Hard on their heels follows the commercial war of the European nations, which has the globe as its battlefield. It begins with the revolt of the Netherlands from Spain, assumes gigantic dimensions in England's Anti-Jacobin War, and is still going on in the shape of the Opium Wars against China, etc.

The different moments of primitive accumulation can be assigned in particular to Spain, Portugal, Holland, France and England, in more or less chronological order. These different moments are systematically combined together at the end of the seventeenth century in England; the combination embraces the colonies, the national debt, the modern tax system, and the system of protection. These methods depend in part on brute force, for instance the colonial system. But they all employ the power of the state, the concentrated and organized force of society, to hasten, as in a hothouse, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition. Force is the midwife of every old society which is pregnant with a new one. It is itself an economic power.

W. Howitt, a man who specializes in being a Christian,* says of the Christian colonial system, 'The barbarities and desperate outrages of the so-called Christian race, throughout every region of the world, and upon every people they have been able to subdue, are not to be paralleled by those of any other race, however fierce, however untaught, and however reckless of mercy and of shame, in any age of the earth.' [4] The history of Dutch colonial administration – and Holland was the model capitalist nation of the seventeenth century – 'is one of the most extraordinary relations of treachery, bribery, massacre, and meanness'.[5] Nothing is more characteristic than their system of stealing men in Celebes, in order to get slaves for Java. Man-stealers were trained for this purpose. The thief, the interpreter and the seller were the chief agents in this trade, the native princes were the chief sellers. The young people thus stolen were hidden in secret dungeons on Celebes, until they were ready for sending to the slave-ships. An official report says: 'This one town of Macassar, for example, is full of secret prisons, one more horrible than the other, crammed with unfortunates, victims of greed and tyranny fettered in chains, forcibly torn from their families.' In order to get possession of Malacca, the Dutch bribed the Portuguese governor. He let them into the town in 1641. They went straight to his house and assassinated him, so as to be able to 'abstain' from paying the £21,875 which was the amount of his bribe. Wherever they set foot, devastation and depopulation followed. Banjuwangi, a province of Java, numbered over 80,000 inhabitants in 1750 and only 18,000 in 1811. That is peaceful commerce!

The English East India Company, as is well known, received, apart from political control of India, the exclusive monopoly of the tea trade, as well as of the Chinese trade in general, and the transport of goods to and from Europe. But the coasting trade round India and between the islands,* as well as the internal trade of India, was the monopoly of the higher officials of the Company. The monopolies of salt, opium, betel and other commodities were inexhaustible mines of wealth. The officials themselves fixed the price and plundered the unfortunate Hindus at will. The Governor-General took part in this private traffic. His favourites received contracts under conditions whereby they, cleverer than the alchemists, made gold out of nothing. Great fortunes sprang up like mushrooms in a day; primitive accumulation proceeded without the advance of even a shilling. The trial of Warren Hastings swarms with such cases. Here is an instance. A contract for opium was given to a certain Sullivan at the moment of his departure on an official mission to a part of India far removed from the opium district. Sullivan sold his contract to one Binn for £40,000; Binn sold it the same day for £60,000, and the ultimate purchaser who carried out the contract declared that he still extracted a tremendous profit from it. According to one of the lists laid before Parliament, the Company and its officials obtained £6,000,000 between 1757 and 1766 from the Indians in the form of gifts. Between 1769 and 1770, the English created a famine by buying up all the rice and refusing to sell it again, except at fabulous prices.[6]

The treatment of the indigenous population was, of course, at its most frightful in plantation-colonies set up exclusively for the export trade, such as the West Indies, and in rich and well-populated countries, such as Mexico and India, that were given over to plunder. But even in the colonies properly so called, the Christian character of primitive accumulation was not belied. In 1703 those sober exponents of Protestantism, the Puritans of New England, by decrees of their assembly set a premium of £40 on every Indian scalp and every captured redskin; in 1720, a premium of £100 was set on every scalp; in 1744, after Massachusetts Bay had proclaimed a certain tribe as rebels, the following prices were laid down: for a male scalp of 12 years and upwards, £100 in new currency, for a male prisoner £105, for women and children prisoners £50, for the scalps of women and children £50. Some decades later, the colonial system took its revenge on the descendants of the pious pilgrim fathers, who had grown seditious in the meantime. At English instigation, and for English money, they were tomahawked by the redskins. The British Parliament proclaimed bloodhounds and scalping as 'means that God and Nature had given into its hand'.

The colonial system ripened trade and navigation as in a hothouse. The 'companies called Monopolia'

The colonial system ripened trade and navigation as in a hothouse. The 'companies called Monopolia' (Luther)[*] were powerful levers for the concentration of capital. The colonies provided, a market for the budding manufactures, and a vast increase in accumulation which was guaranteed by the mother country's monopoly of the market. The treasures captured outside Europe by undisguised looting, enslavement and murder flowed back to the mother-country and were turned into capital there. Holland, which first brought the colonial system to its full development, already stood at the zenith of its commercial greatness in 1648. It was 'in almost exclusive possession of the East Indian trade and the commerce between the south-east and the north-west of Europe. Its fisheries, its shipping and its manufactures surpassed those of any other country. The total capital of the Republic was probably greater than that of all the rest of Europe put together'.[†] Gülich forgets to add that by 1648 the people of Holland were more over-worked, poorer and more brutally oppressed than those of all the rest of Europe put together.

Today, industrial supremacy brings with it commercial supremacy. In the period of manufacture it is the reverse: commercial supremacy produces industrial predominance. Hence the preponderant role played by the colonial system at that time. It was the 'strange God' who perched himself side by side with the old divinities of Europe on the altar, and one fine day threw them all overboard with a shove and a kick. It proclaimed the making of profit as the ultimate and the sole purpose of mankind.

The system of public credit, i.e. of national debts, the origins of which are to be found in Genoa and Venice as early as the Middle Ages, took possession of Europe as a whole during the period of manufacture. The colonial system, with its maritime trade and its commercial wars, served as a forcing-house for the credit system. Thus it first took root in Holland. The national debt, i.e. the alienation [*Veräusserung*][*] of the state – whether that state is despotic, constitutional or republican – marked the capitalist era with its stamp. The only part of the so-called national wealth that actually enters into the collective possession of a modern nation is – the national debt.[7]

Hence, quite consistently with this, the modern doctrine that a nation becomes the richer the more deeply it is in debt. Public credit becomes the *credo* of capital. And with the rise of national debt-making, lack of faith in the national debt takes the place of the sin against the Holy Ghost, for which there is no forgiveness.

The public debt becomes one of the most powerful levers of primitive accumulation. As with the stroke of an enchanter's wand, it endows unproductive money with the power of creation and thus turns it into capital, without forcing it to expose itself to the troubles and risks inseparable from its employment in industry or even in usury. The state's creditors actually give nothing away, for the sum lent is transformed into public bonds, easily negotiable, which go on functioning in their hands just as so much hard cash would. But furthermore, and quite apart from the class of idle *rentiers* thus created, the improvised wealth of the financiers who play the role of middlemen between the government and the nation, and the tax-farmers, merchants and private manufacturers, for whom a good part of every national loan performs the service of a capital fallen from heaven, apart from all these people, the national debt has given rise to joint-stock companies, to dealings in negotiable effects of all kinds, and to speculation: in a word, it has given rise to stock-exchange gambling and the modern bankocracy.

At their birth the great banks, decorated with national titles, were only associations of private speculators, who placed themselves by the side of governments and, thanks to the privileges they received, were in a position to advance money to those governments. Hence the accumulation of the national debt has no more infallible measure than the successive rise in the stocks of these banks, whose full development dates from the founding of the Bank of England in 1694. The Bank of England began by lending its money to the government at 8 per cent; at the same time it was empowered by Parliament to coin money out of the same capital, by lending it a second time to the public in the form of bank-notes. It was allowed to use these notes for discounting bills, making advances on commodities and buying the precious metals. It was not long before this credit-money, created by the bank itself, became the coin in which the latter made its loans to the state, and paid, on behalf of the state, the interest on the public debt. It was not enough that the bank gave with one hand and took back more with the other; it remained, even while receiving money, the eternal creditor of the nation down to the last farthing advanced. Gradually it became the inevitable receptacle of the metallic hoard of the country, and the centre of gravity of all commercial credit. The writings of the time (Bolingbroke's, for instance) show what effect was produced on their contemporaries by the sudden emergence of this brood of bankocrats, financiers, *rentiers*, brokers, stock-jobbers, etc.[8]

Along with the national debt there arose an international credit system, which often conceals one of the sources of primitive accumulation in this or that people. Thus the villainies of the Venetian system of robbery formed one of the secret foundations of Holland's wealth in capital, for Venice in her years of decadence lent large sums of money to Holland. There is a similar relationship between Holland and England. By the beginning of the eighteenth century, Holland's manufactures had been far outstripped. It had ceased to be the nation preponderant in commerce and industry. One of its main lines of business, therefore, from 1701 to 1776, was the lending out of enormous amounts of capital, especially to its great rival England. The same thing is going on today between England and the United States. 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.

As the national debt is backed by the revenues of the state, which must cover the annual interest payments etc., the modern system of taxation was the necessary complement of the system of national loans. The loans enable the government to meet extraordinary expenses without the taxpayers feeling it immediately, but they still make increased taxes necessary as a consequence. On the other hand, the raising of taxation caused by the accumulation of debts contracted one after another compels the government always to have recourse to new loans for new extraordinary expenses. The modern fiscal system, whose pivot is formed by taxes on the most necessary means of subsistence (and therefore by increases in their price), thus contains within itself the germ of automatic progression. Over-taxation is not an accidental occurrence, but rather a principle. In Holland, therefore, where this system was first inaugurated, the great patriot, De Witt, extolled it in his *Maxims*[*] as the best system for making the wage-labourer submissive, frugal, industrious…and overburdened with work. Here, however, we are less concerned with the destructive influence it exercises on the situation of the wage-labourer than with the forcible expropriation, resulting from it, of peasants and artisans, in short, of all the constituents of the lower middle class. There are no two opinions about this, even among the bourgeois economists. Its effectiveness as an expropriating agent is heightened still further by the system of protection, which forms one of its integral parts.

The great part that the public debt and the fiscal system corresponding to it have played in the capitalization of wealth and the expropriation of the masses, has led many writers, like Cobbett,[†] Doubleday[‡] and others, to seek here, incorrectly, the fundamental cause of the misery of the people in modern times.

The system of protection was an artificial means of manufacturing manufacturers, or expropriating independent workers, of capitalizing the national means of production and subsistence, and of forcibly cutting short the transition from a mode of production that was out of date to the modern mode of production. The European states tore each other to pieces to gain the patent of this invention, and, once they had entered into the service of the profit-mongers, they did not restrict themselves to plundering their own people, indirectly through protective duties, directly through export premiums, in the pursuit of this purpose. They also forcibly uprooted all industries in the neighbouring dependent countries, as for example England did with the Irish woollen manufacture. On the Continent of Europe the process was much simplified, following the example of Colbert. The original capital for industry here came in part directly out of the state treasury. 'Why,' cries Mirabeau, 'why go so far to seek the cause of the manufacturing glory of Saxony before the war? One hundred and eighty millions of debts contracted by the sovereigns!'[9]

Colonial system, public debts, heavy taxes, protection, commercial wars, etc., these offshoots of the period of manufacture swell to gigantic proportions during the period of infancy of large-scale industry. The birth of the latter is celebrated by a vast, Herod-like slaughter of the innocents. Like the royal navy, the factories the latter is celebrated by a vast, Herod-like slaughter of the innocents. Like the royal navy, the factories were recruited by means of the press-gang. Though Sir F. M. Eden is indifferent to the horrors of the expropriation of the agricultural population from the soil, from the last third of the fifteenth century up to his own time; though he shows great self-satisfaction in congratulating his country on this process, which was 'essential' in order to establish capitalist agriculture and 'the due proportion between arable and pasture land'; despite this, he does not show the same economic insight into the necessity of child-stealing and child-slavery for the transformation of manufacturing production into factory production and the establishment of the true relation between capital and labour-power. He says: 'It may, perhaps be worthy the attention of the public to consider, whether any manufacture, which, in order to be carried on successfully, requires that cottages and workhouses should be ransacked for poor children; that they should be employed by turns during the greater part of the night and robbed of that rest which, though indispensable to all, is most required by the young; and that numbers of both sexes, of different ages and dispositions, should be collected together in such a manner that the contagion of example cannot but lead to profligacy and debauchery; will add to the sum of individual or national felicity?'[10]

'In the counties of Derbyshire, Nottinghamshire, and more particularly in Lancashire,' says Fielden, 'the newly-invented machinery was used in large factories built on the sides of streams capable of turning the water-wheel. Thousands of hands were suddenly required in these places, remote from towns; and Lancashire, in particular, being, till then, comparatively thinly populated and barren, a population was all that she now wanted. The small and nimble fingers of little children being by very far the most in request, the custom instantly sprang up of procuring apprentices (!) from the different parish workhouses of London, Birmingham, and elsewhere. Many, many thousands of these little, hapless creatures were sent down into the north, being from the age of 7 to the age of 13 or 14 years old. The custom was for the master' (i.e. the child-stealer) 'to clothe his apprentices and to feed and lodge them in an "apprentice house" near the factory; overseers were appointed to see to the works, whose interest it was to work the children to the utmost, because their pay was in proportion to the quantity of work that they could exact Cruelty was, of course, the consequence…In many of the manufacturing districts, but particularly, I am afraid, in the guilty county to which I belong (Lancashire), cruelties the most heart-rending were practised upon the unoffending and friendless creatures who were thus consigned to the charge of master-manufacturers; they were harassed to the brink of death by excess of labour…were flogged, fettered and tortured in the most exquisite refinement of cruelty;…they were in many cases starved to the bone while flogged to their work and…even in some instances…were driven to commit suicide…The beautiful and romantic valleys of Derbyshire, Nottinghamshire and Lancashire, secluded from the public eye, became the dismal solitudes of torture, and of many a murder. The profits of manufacturers were enormous; but this only whetted the appetite that it should have satisfied, and therefore the manufacturers had recourse to an expedient that seemed to secure to them those profits without any possibility of limit; they began the practice of what is termed "night-working", that is, having tired one set of hands, by working them throughout the day, they had another set ready to go on working throughout the night; the day-set getting into the beds that the night-set had just quitted, and in their turn again, the night-set getting into the beds that the day-set quitted in the morning. It is a common tradition in Lancashire, that the beds *never get cold*.'[11]

With the development of capitalist production during the period of manufacture, the public opinion of Europe lost its last remnant of shame and conscience. The nations bragged cynically of every infamy that served them as a means to the accumulation of capital. Read, for example, the naïve commercial annals of the worthy A. Anderson.[*] Here it is trumpeted forth as a triumph of English statesmanship that, at the Peace of Utrecht, England extorted from the Spaniards, by the Asiento Treaty, the privilege of being allowed to ply the slave trade, not only between Africa and the English West Indies, which it had done until then, but also between Africa and Spanish America. England thereby acquired the right to supply Spanish America until 1743 with 4,800 Negroes a year. At the same time this threw an official cloak over British smuggling.

Liverpool grew fat on the basis of the slave trade. This was its method of primitive accumulation. And even to the present day, the Liverpool 'quality' have remained the Pindars of the slave trade,[*] which – as noted in the work by Dr Aikin we have just quoted – 'has coincided with that spirit of bold adventure which has characterized the trade of Liverpool and rapidly carried it to its present state of prosperity; has occasioned vast employment for shipping and sailors, and greatly augmented the demand for the manufactures of the country'.[†] In 1730 Liverpool employed 15 ships in the slave trade; in 1751, 53; in 1760, 74; in 1770, 96; and in 1792, 132.

While the cotton industry introduced child-slavery into England, in the United States it gave the impulse for the transformation of the earlier, more or less patriarchal slavery into a system of commercial exploitation. In fact the veiled slavery of the wage-labourers in Europe needed the unqualified slavery of the New World as its pedestal.[12]

Tantae molis erat[‡] to unleash the 'eternal natural laws' of the capitalist mode of production, to complete the process of separation between the workers and the conditions of their labour, to transform, at one pole, the social means of production and subsistence into capital, and at the opposite pole, the mass of the population into wage-labourers, into the free 'labouring poor', that artificial product of modern history.[13] If money, according to Augier,[14] 'comes into the world with a congenital blood-stain on one cheek,' capital comes dripping from head to toe, from every pore, with blood and dirt.[15]