

he was not asking them to bring about what would explain their doing so: the exhaustion of the progressive capacity of the capitalist order, and the availability of enough productive power to install a socialist one.

I admitted on p. 17 that I do not have a good answer to the question how productive forces select economic structures which promote their development. To be sure, we can say that the adjustment of relations to forces occurs through class struggle. But that is not a fully satisfying answer to the question of p. 17, since it does not specify the filiation, or filiations, from contradiction between forces and relations of production to the class struggle supposed to resolve it. What activates the prospective new class? What ensures its victory? These are the questions that need attention, and not only for the sake of good theory.²⁸

²⁸ For good criticisms of my failure to deal well with these questions, see Elster (1980), p. 124; Levine and Wright (1980), pp. 58ff.; J. Cohen (1982), pp. 266ff. Part of the object of their criticism appears on pp. 233-4 of this volume.

2 The social basis of economic development

Robert Brenner

1. Adam Smith and the explanation of modern economic growth

In a consideration of the explanation of economic growth in the very long run, the work of Adam Smith traditionally has been the place to start. Even today, the Smithian paradigm provides the foundations for most theories of economic development, and for economic historiography in general. That this should be the case, is, in my view, quite proper; for Smith, I would argue, both captured the essence of modern economic growth and discovered what might be called the key mechanism responsible for its taking place – or at least provided the basis for doing these things. Nevertheless, Smith failed to explain the conditions under which his key mechanism does and does not operate; indeed he seemed not to realize that there *are* conditions under which it does not operate. This essay seeks to provide the basis for a general theory of economic development, firstly, by extracting from Smith's argument what I take to be the defining feature of modern economic growth and the fundamental mechanism behind such growth, and, secondly, by specifying the particular conditions under which this mechanism can and cannot be expected to operate.

As is well-known, Smith thought that the pursuit of rational self-interest leads individual producers to try to make use of the specialized productive capacities of other producers. They do this, Smith believed, by specializing themselves and by offering their output for exchange to their prospective trading partners, who can then be expected to do the same. Individual rational self-interest thus leads to generalized, specialized production for exchange. Of course, producers who specialize for the market must buy their means of production and means of subsistence on the market; specialization entails dependence on the market. But producers who must buy what they need on the market in order to continue in production must also be able to sell their product on the market; and they must be able to do this *competitively*. To sell competitively, producers must be able to produce what is demanded and to do so with a minimum of cost – i.e. to produce at 'the socially necessary rate'

or to 'maximize the price/cost ratio' of their output. But in order to be able to produce at the socially necessary rate, producers must seek, continually and systematically, to cut costs by further specializing, accumulating their surpluses, and adopting the best available production techniques (innovating). Thus, for Smith, the pursuit of individual rational self-interest leads to ongoing economy-wide development.

What I take to be Smith's two indispensable conclusions are captured in the foregoing sketch of the operation of the invisible hand. The first conclusion is that what constitutes the *differentia specifica* of modern economic growth is not this or that once-and-for-all improvement in the productive forces – this or that specialization, this or that allocation of the surplus, this or that innovation. It is not, *per se*, the spread of international trade, nor the rise of cooperation, nor the growth of manufacture, nor the extension of machinofacture – although all of these things do, of course, contribute to economic growth. What distinguishes modern economic growth is something more general and abstract: it is the presence in the economy of a *systematic* and *continuous* tendency or drive to transform production in the direction of greater efficiency. This is expressed in the more or less continuous growth of *per capita* output. Smith's second indispensable conclusion is that the reason modern economic growth actually takes place is because the individual economic actors find it in their self-interest to undertake patterns of productive activity which correspond, more or less systematically, to the requirements for economic growth of the economy as a whole. It just so happens that what individuals find it rational to do is to carry out full-scale production for exchange by means of systematic cutting of costs through specialization, accumulation and innovation, and these turn out to be the very things the economy requires for ongoing growth. What's good for every individual economic actor is good for aggregate economic growth.

Paradoxically, despite his invaluable insights, Smith's theory as actually presented turns out to be rather unhelpful, indeed positively misleading, for explaining the appearance of modern economic growth; for he ends up assuming the extraordinary phenomenon that needs to be explained: namely the correspondence between what is required for the economic growth of the system as a whole and the self-interested actions of the individual economic actors. This is because, by taking for granted the now famous 'natural tendency of men to truck and barter', Smith takes for granted precisely what needs to be demonstrated: namely, that the producers will commoditize all or most of their output. It is the producers' commoditizing of their output and their *consequent dependence* upon the market which results in their subjection to the creative pressures of competition. Smith also assumes without explana-

tion that the producers are able to allocate their resources as they see fit and to appropriate the full returns on their investments, free from the exactions or controls of 'political' powers.¹ Implicit are a whole series of choices on the part of the economic actors which can by no means be taken for granted. Smith thus assumes, first, that the producers' rational self-interest will require them to maximize exchange values and to produce all or most of their output for the market *rather than* to produce the full range of their subsistence needs so as directly to insure their maintenance, while marketing only physical surpluses beyond subsistence. He assumes, secondly, that the direct producers will find it in their rational self-interest to direct their resources toward improving their capacities to produce competitively, *rather than* toward improving their capacities to transfer the product from others by force. Smith assumes, thirdly, that to the extent that the direct producers do find it in their rational self-interest to try to cut productive costs, they will find that the most effective way of doing so is by improving the process of production (getting more output from the same inputs, or the same outputs from fewer inputs), *rather than* by squeezing the direct producers (possibly themselves) via cutting the level of subsistence, increasing the length of the working day, or intensifying labour. Smith assumes, finally, that whatever the individuals ultimately decide is the most rational way to allocate their resources, they will be free to pursue their choice and, moreover, that they will receive the full fruits of their economic activity. But this is to take for granted a society of free economic actors, *rather than* one of economic actors subject to non-economic constraints.

In sum, by assuming that, as a rule, the individual economic actors can and will do what's necessary for economic growth in the aggregate, Smith begged the fundamental question: *under what conditions* will or will not the patterns of economic action pursued by individuals correspond to the requirements of economic growth of the economy as a whole? The remainder of this essay will be concerned with confronting this question by clarifying, arguing for, and enlarging upon the following four fundamental theses:

- (i) The prevalence of certain quite specific, historically-developed *property relations* (to be understood, as we shall see, as *relations of reproduction*) provides the fundamental condition under which individual economic actors will find it rational and possible to follow patterns of economic action supportive of modern

¹ This is not really fair to Adam Smith, since in Book III of *The Wealth of Nations* he devotes considerable attention to the barriers to economic growth constituted by feudal lordship. Nevertheless, Smith also implies that the rise of exchange will, more or less directly, dissolve these barriers; so one is entitled to ask just how seriously he takes them (see Brenner, 1985). In any case, my intention here is not so much to explicate Smith's real meaning, as to make certain arguments about the conditions for economic development. My apologies to Adam Smith, if, in the process, I have failed to do him justice.

economic growth à la Adam Smith. I will call these *capitalist* property relations. On the other hand, through most of world history, from the appearance of settled agriculture till the early modern period (and in most places well beyond that time), economies have been characterized by forms of property relations which impose on the individual economic actors patterns of economic action which, although individually rational, are nonetheless systematically subversive, in the long run, of economic development. At minimum, the result of their action for the economy as a whole has been to preclude the appearance of those trends which distinguish modern economic growth.

- (ii) As a rule, the transition from pre-capitalist to capitalist property relations cannot occur as the intended result of the rationally self-interested actions of *individual* pre-capitalist economic actors, even given the appearance of new opportunities for exchange or of new technologies or new demographic trends. On the contrary, their rationally self-interested activity will, as a rule, have as one of its goals *maintaining* those pre-capitalist property relations, which structure non-development.
- (iii) The rationally self-interested action of social *classes* in pre-capitalist economies generally had the intention of maintaining and strengthening pre-capitalist property relations and rarely, if ever, had the goal of transforming these relations.
- (iv) The original onset of modern economic growth depended upon the transition from pre-capitalist to capitalist property relations. But this outcome is inexplicable in terms of the rationally self-interested actions of pre-capitalist individual economic actors or classes; it must be understood as an *unintended consequence* of the actions of individual pre-capitalist actors and especially the conflicts between pre-capitalist classes.

2. Property relations, rules for reproduction, and economic development

By property relations, I mean the relationships among the direct producers, among the class of exploiters (if any exists), and between the exploiters and producers, which specify and determine the regular and systematic access of the individual economic actors (or families) to the means of production and to the economic product. In every social economy, such property relations will exist, and make it possible for the direct producers and exploiters (if any) to continue to maintain themselves as they were – i.e. in the class position they already held, as producers or exploiters. But more to the point, these property relations, once established, will determine the economic course of action which is rational for the direct producers and the exploiters. Since this is so, the property relations will, to a large degree, determine the pattern of economic development of any society; for that pattern is, to a very great extent, merely the *aggregate* result of the carrying out of the rules for reproduction of the direct producers and exploiters. So, the causal sequence runs roughly as follows: form of property relations → rules for reproduction

of the individual economic actors → long-term pattern of economic development/non-development. Using these basic propositions as our point of departure, we can move to consider the four fundamental theses listed above.²

i. Why pre-capitalist property relations prevent development and why capitalist property relations condition modern economic growth

Pre-capitalist property relations

More or less from the origins of settled agriculture until the early modern period (and in many places well beyond that time) agricultural societies, with few if any exceptions, have been predominantly characterized by property relations of a single broad type, imposing rules of reproduction quite inimical to the requirements of modern economic growth. In all of these societies, the property relations had two defining traits:

First: the direct producers held direct (i.e. non-market) access to their full means of subsistence, that is the tools and land needed to maintain themselves. In some instances they possessed this individually. In other cases they held it as a usufruct from the community of producers which was the formal owner. There were, moreover, many intermediate forms between these poles. But the point is that in every case *they did possess it*. The communities of producers organized themselves in a variety of ways, under different conditions, to protect this possession, a point to which we shall return. But however this was, the peasants – the term we shall use for all direct producers who have full access to their means of subsistence, whether individually or via membership in a community – *were not expropriable*.

Second: in consequence of the direct producers' possession, the members of the class of exploiters (if one existed) were obliged to reproduce themselves through appropriating a part of the product of the direct producers *by means of extra-economic coercion*. In other words, because the direct producers were economically independent by virtue of their possession of the means of subsistence, the exploiters' ownership of other means of production, notably land, did not *in itself* allow them to realize a part of the product (unless of course they worked themselves). Indeed, because there was no class of economic actors devoid of the means of reproduction (subsistence) to take up the lords' land as exploited tenants or to work the lords' land as exploited wage workers, *the individual lords did not, as a rule, find it in their self-interest to expropriate their own peasants*.³ But, finally, even if the lords did desire to

² In the remainder of this essay, each of the sections headed by small roman numerals (i, ii, iii, iv) considers the corresponding one of the aforementioned four fundamental theses.

³ Of course, the lords might come to have an interest in expropriating their peasants, when and if there emerged a class of economic actors who had no access to their full means of

expropriate their peasants, they generally could not do so, because they were prevented by the peasant community/communities which stood as the ultimate guardian of the peasants' land.

Because of this *merger* of the direct producers with their means of reproduction, the lords depended for their maintenance upon institutionalized relationships with their peasants which enabled them to appropriate by force part of the peasants' product. In some instances, the exploiters applied force to extract their product *directly*, that is *as individuals*. In this case, the individual exploiters might either appropriate the product from each individual direct producer, or they might appropriate it from the community of producers as a whole (in which instance, the community would be responsible for collecting the rent from each of its members). In other instances, the exploiters applied force *collectively*, as a class, and appropriated their product indirectly: thus, they received their income by virtue of holding a position or office which was, in turn, supported by the collectivity of exploiters' levying a tax on the direct producers. In this case, the collectivity of exploiters, again, could either levy this tax on each individual producer; or, alternatively, they might levy it on communities (which would have to collect the tax from each of their members). But whatever the specific form of the levy, all pre-capitalist exploiters, whom we shall henceforth refer to as lords, found the application of extra-economic coercion to be indispensable to their establishment and reproduction as an exploiting class, and participation in the institutionalized structures through which force was applied and surplus extracted to be indispensable to their membership, as individuals, within it.

Pre-capitalist property relations, in societies which had achieved settled agriculture, imposed upon the economic actors, producers and exploiters alike, rules of reproduction which were, in the end, antithetical to the requirements for the development of the economy as a whole. Under these relations, both direct producers and exploiters found it rational to adopt patterns of economic action which, in the long run, prevented increases in aggregate *per capita* output. Why was this so?

First, and perhaps *ultimately* most critical, in allowing both exploiters and producers direct access to their means of reproduction, pre-capitalist property forms (as 'patriarchal' forms) freed both exploiters and producers from the *necessity to buy* on the market what they needed to reproduce, thus of the necessity to produce for exchange, thus of the necessity to sell competitively on the market their output, and thus of the necessity to produce at the socially necessary rate (or so as to maximize the price/cost ratio of their output). In

reproduction and who therefore had to lease the land or work it for a wage in order to survive. But the emergence of such a class would signal the emergence of, or transition to, a new set of property relations, thus a new set of requirements for the reproduction of the economic actors.

consequence, both producers and exploiters were relieved of the necessity to cut costs so as to maintain themselves, and so of the necessity constantly to improve production through specialization and/or accumulation and/or innovation. The property relations, in themselves, failed to *impose* that relentless pressure on the individual producers to improve which, as we shall argue, is an indispensable condition for economic development.

Without the *necessity* to maximize exchange values, the direct producers, as individuals and as members of communities of cultivators, tended to find it most sensible to deploy their resources so as to ensure their maintenance by producing directly the full range of their necessities (i.e. to produce for subsistence). Given the low level of agricultural productivity which perforce prevailed, harvests and therefore food supplies were highly uncertain. Since food constituted so large a part of total consumption, the uncertainty of the food market brought with it highly uncertain markets for other commercial crops. It was therefore sensible for the peasants to avoid dependence upon the market – above all dependence upon purchases of subsistence goods, but also to avoid dependence upon sales of commercial crops. To avoid this dependence, the peasants had to diversify, so as to produce directly all they needed, and to market only physical surpluses^{3a}. The resulting tendency to production for subsistence naturally constituted a powerful barrier to commercial specialization and ultimately the transformation of production. This barrier was especially difficult to surmount, since its transcendence appeared to require nothing less than the *previous* transformation of the reproductive patterns (i.e. rules for reproduction) of the individual producers. Thus, so long as the direct producers retained direct access to their means of reproduction, they would not voluntarily turn to specialization, unless there *previously* had been massive improvements in the security of the food supply; yet, massive improvements in the security of the food supply seemed to require the peasants' specialization.⁴

The effects of the tendency of the peasant producers to treat their means of production (land, tools, labour power) as the means directly to maintain their subsistence affected not only their own output, but that of others in the economy. Thus, the peasants' refusal to part with their plots – which they could not afford to regard as abstract commercial investments and had to

^{3a} Indeed, it is likely that the peasants would have sought to avoid specialization and dependence on exchange simply to avoid becoming subject to the dictates of the market and the whole transformation of life which that entailed.

⁴ Naturally, the pressure on peasants to diversify and 'produce for subsistence' would decrease to the extent that the growth of food production elsewhere (and the improvement of transportation) allowed for increasingly secure food imports and thereby decreased the riskiness of specialization. Once capitalism had developed in some places, what constituted the rational economic self-interest, and thus the rules for reproduction, of the pre-capitalist economic actors was subject to change.

regard as the concrete and indispensable bases for their existence – limited the extension of the market in land. Potential accumulators were thus hindered in acquiring the land they needed to build up the units of production required to make improvements which depended upon scale and cooperation. In turn, because they possessed the means to maintain themselves, the peasants were not compelled to sell their labour power. In consequence the labour market was restricted and thereby (again) the potential for cooperation and scale in production.

Moreover, in those (many) cases where the community as a whole either constituted the ultimate owner of the peasants' land or in other ways controlled its allocation, it almost always wielded this ownership or control so as to restrict the individual cultivators' ability to alienate their plots. On the other hand, where the individual peasants did directly control the allocation of their land, they tended to make sure that it was passed on to their children, so as to provide the basis for the maintenance of future generations. Meanwhile, they tended to find it rational to have a large number of children so as to ensure themselves support in their old age. This naturally tended to intensify the subdivision of plots resulting from inheritance. The outcome was not merely to limit the land market and the build-up of holdings, but actually to increase the break-up and dispersion of the land and other productive resources.

Nor, given the prevalence of precapitalist property relations, were the exploiting lords much better-situated to pursue a pattern of economic action supportive of development. As noted, the lords' patriarchal position as possessors of the requirements for their reproduction as lords freed them of any need to increase their income for the purpose of increasing their *productive capacities*, since they were shielded from the necessity of selling competitively on the market. All else being equal, this same freedom would manifest itself in a tendency to allocate what resources were necessary to *directly* insure maintenance (without recourse to market purchases) and to devote to market production only surplus resources beyond that. It is true, of course, that there were often *other* reasons (beside the desire to improve production so as to compete) that the lords might wish to increase their income, perhaps the most common being to improve their capacity for politico-military competition with other lords. But insofar as the lords did try to raise their income for this or any other purpose, they were *by and large* prevented from doing so by means of improving the productiveness of their men and land. Thus, to the extent that pre-capitalist property relations prevailed, if they wished to organize production themselves, the lords had to depend on labourers who possessed their means of subsistence. This being the case, the exploiters could get them

to work only by directly coercing them. For the same reason, they could not 'fire' them, and the consequences of this were extremely far-reaching, since the lords were thereby deprived of perhaps the most effective means yet discovered to impose labour discipline in class-divided societies. Because the peasant labourers had no *economic* incentive to work diligently or efficiently, the lords found it extremely difficult to get them to use more advanced means of production in an effective manner. They could force them to do so, only at the cost of major unproductive investments in supervision. Under such conditions, it made little sense for the lords to allocate their income toward investment in the means of production. They found it rational instead to direct their resources toward various forms of unproductive (though reproductively effective) *consumption*.

It might be objected that the lords could circumvent this problem by offering their labourers *economic incentives* to work harder and more efficiently, but this is by no means obviously the case. Since the producers possessed their means of subsistence, they could be assumed to have no incentive to work harder or more efficiently, *unless* they were paid the full equivalent of their additional labour. This was because they had the alternative precisely of applying any extra energy or time to their own plots and getting the full return for this input. In consequence, they could not be assumed to be exploitable through the exchange of labour power for a wage. The lords through offering an incentive could get exactly what they paid for and no more, so had little obvious motive for pursuing this tactic.⁵

In view of the difficulty, in the presence of pre-capitalist property relations, of raising returns from investment in the means of production (via increases in productive efficiency), the lords found that if they wished to increase their income, they had little choice but to do so by *redistributing* wealth and income away from their peasants or from other members of the exploiting class. This meant they had to deploy their resources toward building up their *means of coercion* – by investment in military men and equipment. Speaking broadly, they were obliged to invest in their politico-military apparatuses. To the extent they had to do this effectively enough to compete with other lords who were

⁵ On the other hand, if the lords could apply on their land means of production which were more efficient than those available to the peasants, they would have the potential of being able to use economic incentives to overcome the problem of motivating the peasants to do decent work. Specifically, if the lords could apply on their own land techniques which were so productive as to allow them to pay the peasants more per unit of labour (time × energy) than the peasant could get by applying that amount of labour on their own plots and still have a profit left over, then the lords were in a position to use economic incentives to elicit more effective labour from the peasants. Naturally, the *actual* viability of such a course would depend on the *de facto* availability of (relatively) highly productive techniques which were available to the lords and not to the peasants. I wish to thank G. A. Cohen and Jon Elster for bringing this point to my attention.

doing the same thing, they would have had to maximize both their military investments and the efficiency of these investments. They would have had, in fact, to attempt, continually and systematically, to improve their methods of war. Indeed, we can say the drive to *political accumulation*, to *state building*, is the *pre-capitalist* analogue to the capitalist drive to *accumulate capital*.

Now to the extent that the lords followed such a pattern of allocation, they could only diminish the resources potentially available for 'productive' production, and that is what actually occurred when they were successful. They applied their increased income to investments in the means of war, specifically to provisioning and supplying with tools (directly or indirectly) the *producers* of arms and luxuries, as well as to supporting the warriors themselves. They thereby reduced the means of consumption and production available to the peasant producers, and, in consequence, undermined the economy's fundamental productiveness.

In sum, so long as non-capitalist property relations prevail, we can expect the following rules for reproduction for the individual economic actors to obtain:

- in general, the economic actors will direct their resources toward making possible certain specific *forms of consumption*;
- the direct producers, possessing their means of subsistence, will deploy their resources so as to produce the full complement of their subsistence requirements, and so as to maintain the productive base to continue to do so;
- the exploiters will direct their resources toward strengthening the means of coercion whereby they can re-distribute the product from the direct producers and other exploiters in order to acquire the military equipment and luxury goods needed to strengthen their means of coercion and so on. More broadly, they will build states.

On the basis of the foregoing rules for individual reproduction, we can expect the following economy-wide developmental trends:

- economic growth in agriculture will, by and large, take the form of the multiplication of units of production on already-existing lines;
- industrial production, to the extent it develops, will take non-productive forms (military and luxury production);
- the long-term developmental trend will be toward stagnation, if not crisis – depending on the available land, rate of demographic growth (itself a function of the form of possession and the form of coercive extraction), and the degree and manner in which the direct producers' output is appropriated by the exploiters.

A pattern of ongoing growth via the regular improvement of the productive forces is out of the question.⁶

⁶ It might be thought that pre-capitalist slave economies would have had such very different forms of operation and development from those discussed here as to require separate

Capitalist property relations

Under what conditions, then, will the economic actors adopt patterns of economic action conducive, in the aggregate, to modern economic growth? In my view, they can be *expected* to do so, only where all the direct producers are separated from their means of subsistence, *above all the land*, and where no exploiters are able to maintain themselves through surplus extraction by extra-economic coercion. It is only where the organizers of production and the direct producers (sometimes the same person) have been separated from direct access to the means of subsistence, that they *must* buy on the market the tools and means of subsistence they need to reproduce themselves. It is only where the producers must buy on the market their means of reproduction, that they must be able to sell *competitively* on the market, i.e. at the socially necessary rate. It is only in the presence of the necessity of competitive production – and the correlative absence of the possibility of cutting costs, or otherwise raising income, by forcefully squeezing the direct producers – that we can expect the systematic and continual pressure to increase the efficiency of production which is the *sine qua non* of modern economic growth.

Naturally, in an economy where the direct producers have been separated from their means of subsistence, it will be somewhat difficult to develop productive efficiency through the familiar methods requiring *cooperative labour* unless it is possible to purchase on the market not only tools and means of subsistence, but also labour power. It is a good question, moreover, whether or not the availability of labour power depends upon the separating of some economic actors not only from their full means of subsistence, but also from their means of production – i.e. leaving some economic actors with *only* their labour power to sell in order to reproduce themselves. But however this may

treatment. I do not believe this is so – at least, given the level of generality and the specific concerns of this essay. First of all, it seems that even where pre-capitalist slavery was most developed, it always existed alongside a substantial sector of patriarchal peasant possessors. Indeed, the peasant possessors sometimes used slaves themselves. Second, the lordly slave-owners were also patriarchal in that, via their land and their slaves, they had direct (non-market) access to their full means of reproduction, so were (like the peasants) freed from the requirements of competition on the market and thus the need to produce for exchange. Thirdly, although the slaves themselves did not of course possess their means of reproduction, as property of the lords they were in their own way effectively *merged* with their means of subsistence. In consequence, the lords could not fire the slaves and had to coerce them to get them to work, with the result that they experienced some of the same difficulties in developing production on the basis of skilled and careful labour as did the feudal lords with respect to their coerced peasant possessors. Finally, given the patriarchal character of all of the economic actors, all were faced with the same sorts of problems in amassing land and labour power as faced the economic actors in feudal societies. Naturally, I am not contending that slave-based societies were precisely the same as more purely peasant-based economies, or denying that there were developmental patterns specific to slave society and absent in purely peasant-based societies. Nonetheless, what allows me, I believe, to assimilate them for present purposes, is that the economic actors in both sorts of society were subject to roughly similar rules for reproduction – rules for reproduction which put modern economic development or any smooth transition to capitalist property relations out of the question.

be, in an economy of producers deprived of their full means of subsistence, we can expect that the entailed processes of competitive accumulation and innovation will *themselves* lead to the *differentiation* of the economy into those with means of production (as well as labour power) and those possessing only labour power. This is because these processes give a competitive advantage to those who can deploy relatively large, and ever larger masses of means of production. To put it succinctly, in a capitalist economy, the process of capital accumulation creates its own labour force of proletarians.

In sum, it is only where capitalist property relations prevail, that all the economic actors have no choice but to adopt as their rule for reproduction the putting on the market of their product (whatever it is) at the competitive, i.e. lowest, price. It is only in such an economy that all economic actors are perpetually *motivated* to cut costs. It is only in such an economy that there exists a *mechanism of natural selection* (i.e. competition on the market) to eliminate those producers who are not effectively cutting costs. It is for these reasons that only under capitalist property relations can we expect a pattern of modern economic growth.

Pre-capitalist economies, capitalist economies, and Adam Smith

We may briefly conclude this section by placing its results in the context of Adam Smith's theory, where we began. To the extent that Smith was right that men are systematically truckers and barterers, i.e. systematic producers for exchange, he was right to expect a pattern of economic growth. An economy of producers for exchange is necessarily also a competitive economy and can be expected, in turn, to be a developing economy, all else being equal. Nevertheless, Smith was quite wrong to believe that systematic production for exchange was itself the simple and direct expression of rational self-interest, specifically the producers' rational self-interest in the gains which might be gotten from participation in a nexus of complementary specializers. Smith thought people specialized for exchange *because* this was the way they could induce and take advantage of the specialization for exchange of others. He may have derived this conclusion from his quite correct understanding that, *given* the existence of such a nexus of specialized producers for exchange, those who participate in it are better off than they would have been had they not participated in it and produced all their requirements by themselves (all else, e.g. risk, being equal). But we have tried to show that (abstractly correct analyses of the 'gains from trade' notwithstanding), so long as pre-capitalist property relations prevail, the economic actors cannot be expected to find it in their rational self-interest systematically to specialize, to make themselves dependent on the market, so they will not produce for exchange. On the

contrary, producers will find it in their rational self-interest to specialize only under capitalist property relations, and then only *because they have no choice* but to produce competitively for the market. To put it as simply as possible: it is not that people exchange so as to specialize, or specialize so as to exchange; they specialize because they *must* exchange.⁷ Since this occurs only in the presence of capitalist property relations, to understand the onset of modern economic growth is to understand how capitalist property relations come to prevail.

ii. The growth of trade, the development of the productive forces, and economic development: a critique of modified Smithianism

It is possible that most of today's development economists and economic historians are no longer pure and simple Smithians. But even if this were true (and it is by no means obvious) the fact remains that the overwhelming majority remain Smithians at heart. They would not perhaps contend that the mere application of individual economic rationality will, directly and automatically, bring about aggregate economic development. But they *would* argue, that, *given* the appearance of certain specific, *quite-reasonable-to-expect* exogenous economic stimuli, rational self-interested individual economic activity can indeed be expected to detonate a pattern of growth. It is their hypothesis, that in responding to these external stimuli and the opportunities they create, rational self-interested individuals will in fact come to adopt capitalist rules for reproduction – act like capitalists – and, in so doing, will bring about the transformation of pre-capitalist to capitalist property relations. The outcome will be the inauguration of a pattern of modern economic growth. Depending on the theorist, one of three external stimuli will be chosen as the key determinant of development – the rise of trade, the appearance of new productive forces, the growth of population.⁸ But what marks off each of these approaches as Smithian are three defining characteristics common to them all. First, *given* the appearance of the specified key factor, each

⁷ To put the point in still another way: where specialized production already exists, the economic actors are, by that fact, dependent on sales and purchases, so must compete and therefore must specialize further, accumulate, and innovate. But this is not to say that specialization and exchange emerge as an immediate expression of economic rationality or can set off a process of economic development. On the contrary, both the specialization and the exchange which lead to economic development are the result of *the necessity to exchange*, which itself initially arises only where the direct producers are separated from their means of reproduction. 'Production for exchange' properly defined is thus the necessity of producing for exchange.

⁸ In this essay, I will consider only the first two of these stimuli and, because of considerations of space, will leave aside population growth. For some consideration of the demographic factor in the sort of analytical framework developed here, see Brenner, 1976; Brenner, 1982; Brenner, 1985.

approach ascribes to the pre-capitalist economic actors capitalist motivations and capitalist rules for reproduction. Second, each treats property relations as if they were, in essence, techniques or organizations of production, *constituted within the individual productive units*, which are adopted or discarded by individual economic actors according to their effectiveness in developing production in those individual units. Finally, each ends up, implicitly and illegitimately, taking for granted the prevalence of capitalist property relations, both within the individual unit and beyond, so as to give the appearance of rationality to the economic strategy which is (mis)attributed to the economic actors. The result, in each case, is that capitalism is assumed in order to explain the onset of modern economic growth, while pre-capitalist property relations somehow magically disappear.

Historicized Smithianism: the rise of trade

Beginning with Adam Smith himself, many historically-sensitive theorists of economic development have understood it to depend on the growth of trade, specifically the rise of exchange *between* two previously separate and self-subsisting economies. Although beginning their analyses from different historical starting points and thus from somewhat different initial systems of property relations, Smith and his very many followers all make arguments which follow the same fundamental progression. First, merchants with their merchant capital offer previously unobtainable products to hitherto self-subsistent economic actors. This is understood as an epoch-making historical event, an original rise of trade. Next, the opportunity to purchase these commodities induces the individual economic actors to relinquish production for subsistence and to adopt the economic strategy of capitalists-in-embryo – i.e. production for exchange so as to maximize returns (the price/cost ratio) by way of cost cutting. Third, since pre-capitalist property relations marked by the direct producers' possession of the means of subsistence and the exploiters' extraction of a surplus by means of extra-economic coercion prevent the individual productive units from most effectively deploying their resources, the individual economic actors *within* each unit, both producers and exploiters, move to transform these property relations in the direction of capitalist property relations. On this transformed basis, they are able to pursue more effectively their drive to cut costs via specialization, accumulation, and innovation. The causal sequence can thus be summarized as follows: rise of trade → adoption of capitalist rules (or strategies) of reproduction by individual economic actors, specifically production for exchange → installation of capitalist property relations within each unit of production → tendency to

specialization, accumulation, and innovation within each unit → onset of modern economic growth. Let us follow this argument, step-by-step.

As for merchant capital, it does indeed appear as the original form of 'abstract wealth' and, as such, it is, in a sense, a precondition for economic development. Moreover, merchants do tend to be systematic profit maximizers, *to the extent they are able*. They are, as a rule, cut off from direct access to their means of reproduction. Therefore, in so far as they wish to maintain themselves as merchants, they have little choice but to attempt to employ their merchants' capital to buy cheap and sell dear on the market so as to make a profit. Nevertheless, the question remains: Can merchant capital, by itself, bring about the adoption of capitalist rules for reproduction on the part of the pre-capitalist economic actors and, in turn, the rise of capitalist property relations leading to economic development?

In the first place, despite his possession of money and/or commodities, the merchant can in no way ensure by his own selling and buying efforts that the pre-capitalist economic actors will even put the products they produce on the market. The merchant may carry commodities from one part of the globe to another, from one region to another, but the mere offer of these commodities does not at all automatically call forth the appearance on the market of products for exchange. For the exploiters and direct producers already have what is necessary to reproduce themselves. The appearance of new goods leads to the *potential* for increased consumption and therefore the potential for exchange, but it may nonetheless call forth no response.

Secondly, even to the extent that the appearance of new goods brought by merchants does lead the surplus extracting or exploiting class and direct producers to try to orient their production toward exchange, this process may be strictly limited to *immediate surpluses*. In other words (until reasons to expect the contrary are provided) one may reasonably assume that the surplus extractors and direct producers will make sure that they can carry out the diversified production needed to assure the fulfilment of their basic economic needs prior to allocating resources to commercialized, specialized production. In other words, only what might be called surplus resources will be devoted to commercialized, specialized production. To the degree this is so, masses, of labour power and land, devoted to production for immediate reproduction, remain strictly separated from the sphere of commodity production. Despite trade, *these* factors of production are entirely immune to tendencies toward specialization, accumulation, and innovation. In such a situation, there is, of course, a 'surplus' commercial-specialized sector (alongside the subsistence sector) and thus a rudimentary division of labour – different producers or

regions selling specialized products to one another. Still, it should not be forgotten that neither the individual exploiters nor producers are economically dependent on this specialized, commercialized production – so that neither the exploiters nor producers must treat the resources of this sector in accord with capitalist rules for reproduction (maximizing the price/cost ratio, etc.). In consequence, the degree to which the productive system as a whole partakes of the distinctively modern developmental tendencies toward systematic and increasing specialization, accumulation, and innovation is at best sharply restricted.

Thirdly, even to the degree that, in response to market opportunities, the individual exploiters or direct producers or the merchants themselves do seek to specialize as much as is possible in the aforementioned 'surplus' commercial sector, and, beyond that, to accumulate and innovate, there are, as already emphasized, barriers to their doing so built into the environment structured by pre-capitalist property relations. Precisely because of the prevalence of property relations characterized by the merger of the economic actors with their means of reproduction, it will be difficult or impossible for potential accumulators to acquire the greater amounts of land and labour power needed to facilitate cooperative and scale production and other improvements, and in that way to increase output for the market. This is because the *other* exploiters and direct producers cannot be counted on to part with the land and labour power which constitute the immediate basis of their reproduction. Moreover, even to the extent that any given exploiter already disposes over his own direct producers (as in feudalism or patriarchal slavery), he will find it difficult to use this labour effectively to improve production by means of the adoption of new, more effective tools and techniques, for reasons already stated.

So long as pre-capitalist property relations persist, then, trade appears powerless to set off a process of development. Recognizing this, historicized Smithians – including Adam Smith (1776), H. Pirenne (1937), P. Sweezy (1950) – have seen the growth of exchange as leading the individual pre-capitalist actors to find it in their rational self-interest to dismantle, in piecemeal fashion, the existing pre-capitalist property relations and to constitute capitalist property relations so as to achieve greater productive efficiency. Thus, they envision a process whereby the individual pre-capitalist exploiters respond to the new opportunities originating with the growth of exchange by seeking to introduce more effective productive techniques. In order to accomplish this, they dispense with their (unproductive) military followers and military-luxury expenditures; they free their hitherto-dominated peasant producers; they expropriate these peasants from the land; then, finally,

they enter into contractual relations with these peasants. This gives rise, *within each unit*, to the installation of a free necessarily commercialized (market-dependent) tenant on an economic lease who (ultimately) hires wage labourers. The end result is the establishment of capitalist property relations in the economy as a whole and the onset of economic development.

Unfortunately, this analysis takes into account pre-capitalist property relations only to end up by ignoring their significance. Under pre-capitalist property relations, *pace* the historicized Smithians, the individual exploiter can hardly find it in his rational self-interest to free his peasants, for he would lose thereby his ability to exploit them. Once freed from the lord's extra-economic domination, his *possessing* peasants would have no need to pay *any* levy to him, let alone increase the quality and quantity of their work for him. Moreover, even if the lord could at the same time free *and* expropriate his peasants, he would still lose by the resulting transformation of his unfree peasant possessors into free landless tenants and wage labourers; for the newly created landless tenants or wage labourers would have no reason to stay and work for their former lord or take up a lease from him. The error, therefore, is two-fold: first, the distinctively pre-capitalist rationality and rules for reproduction imposed by pre-capitalist property relations are ignored; second, the property relations characterizing the (ill-defined) 'productive unit' are viewed as, in essence, technical relations, to be altered by the exploiters as conditions change – specifically, when the appearance of trade transforms their self-interest. To make the same point from a slightly different angle: the historicized Smithians take for granted the existence of capitalist property relations in order to account for their appearance: in the presence of trade, they see the productive units as subject to capitalist rules for reproduction while (unjustifiably) assuming that the economy, both internal and external to the units, is (already) composed of the capitalist actors necessary to fully reconstitute these units – specifically tenants (and workers) separated from their means of subsistence (and production).

In fact, precisely because pre-capitalist exploiters find it difficult to adopt more efficient productive techniques and irrational to install new property relations within their units, if they wish to respond to new opportunities created by trade, they have little alternative but to try to do so within the constraints imposed by pre-capitalist property relations – by increasing their levies on the direct producers in money, kind, or labour. To make this possible, they have no choice but to try to build up their relations of domination over them. They cannot, of course, be sure they will succeed, for the peasants might resist. But this is their most promising route.

Finally, what is most likely to stimulate the exploiters actually to *try* to

increase their returns is the appearance on the market of goods which 'fit' their specific reproductive needs. As emphasized, these are not producer goods, but, on the contrary, means of consumption – specifically materials helpful to the exploiters' political and military strength. These are certainly not luxury goods in the ordinary sense of superfluities, for they are, in a way, necessities for the exploiters. But they are luxuries in that their production involves a subtraction from the means available to the economy to expand its fundamental productive base.

Paradoxically, then, to the extent that the rise of trade can be expected to affect pre-capitalist economies, it is likely to bring about not the loosening, but the tightening, of pre-capitalist property forms, and the quickening not of economic growth, but of stagnation and decline.

The problem with the historicized version of Smithianism thus turns out to be pretty much the same as with Smithianism pure and simple. In pure and simple Smithianism, exchange is seen as natural; in historicized Smithianism, it has an historical origin. But in both cases, the process foreseen is essentially the same: rationally self-interested individuals with the opportunity to exchange cannot but exploit exchange, and they will inevitably do so by acting like capitalists – whatever the existing property relations and rules for reproduction apparently entail. Capitalists *in potential* are assumed to exist; and it is a foregone conclusion that they will promote growth if given the chance to do so, if necessary by transforming piecemeal the relations of property.

Marxist Smithianism: the development of the productive forces

The theory that the growth of the productive forces is the key to economic development over the long run is today associated with Marxism. But, in my view, its original conceptual source is, once again, Adam Smith. The theory can be stated briefly, but not without considerable ambiguity. It says, I think, that (1) the productive forces (broadly conceived, as including not just tools, but the organization of production) potentially adoptable by the economic actors – namely the level of available technique – will increase; (2) up to a certain point, the existing property relations will allow for the adoption of the available productive forces, and thus for increases in productive efficiency; (3) but, after a certain point, in order to allow for the further adoption of the available productive forces (which are assumed to continue to develop), and thus increases in productive efficiency, it is necessary to have new property relations; (4) new property relations will emerge, and facilitate the further adoption of the productive forces, and thus the growth of productiveness.

Now, what one regards as the actual content of this theory depends upon

how one interprets property relations, or what Marx called the relations of production.⁹ In my view, the theory can be made to work only on the basis of a certain construal of property relations, indeed a distinctively Smithian mis-construal. But if the theory is formulated in such Smithian terms, it becomes useless for explaining economic development. As we shall see, this is for the same reasons that Smithian approaches are generally useless for explaining economic development.

Thus, if we start from the account I have presented here of property relations as relations of reproduction which dictate the adoption of certain specific rules for reproduction, it is hard to see how the theory of the development of the productive forces could function at all. We begin where we must begin, namely with the prevalence of pre-capitalist property relations. We can agree that it is reasonable to expect, even in pre-capitalist economies, significant, though varying, amounts of technical progress: thus, the productive forces potentially useable, i.e. available, will increase. The question, however, is whether or not such increases will set off a process of economic development.

First, and once again, given the presence of the patriarchal property relations which structure pre-capitalist economies, none of the individual economic actors is compelled to adopt the new techniques in order to increase their efficiency in production, for they do not have to produce for exchange and compete on the market.

Secondly, those economic actors who may wish to adopt new techniques will encounter the already specified barriers to their doing so, which are built into the pre-capitalist property relations. The direct producers (peasants) will be reluctant to adopt new techniques which require much specialization. (Yet, it should perhaps be mentioned in passing that, historically, powerful, productivity-raising advances in agriculture almost always have been bound up with increased specialization.) The exploiters will find it difficult to adopt new techniques which require the application of careful, highly motivated labour. Those economic actors who do not dispose directly – i.e. by ownership or domination – of large masses of land and labour power, will tend to find

⁹ This formulation is derived from Marx's famous Preface to *The Critique of Political Economy* (1859) and, more especially, from the techno-determinist interpretation of Marx presented by G. A. Cohen (see Cohen, 1978a). Cohen's account is, however, based on the explicitly *functionalist* argument that the property relations which facilitate the development of the productive forces emerge precisely because they function to, or have the consequence of, facilitating the development of the productive forces. As an alternative – and to supply the defect of and avoid dependence upon questionable functionalist arguments – the techno-determinist interpretation presented here includes a causal mechanism which can account for the appearance of the new productive relations which facilitate the development of the productive forces. As will be seen, however, this account has its own problems.

it difficult to adopt technical advances requiring scale and/or cooperative labour, due to limitations of land and labour markets.

Thirdly, those with resources to invest – most often the exploiters – are likely to find that they will get the best return by investing in the means of coercion, rather than the means of production. Indeed, in pre-capitalist economies, we are likely to find a general tendency to the development of the means of coercion at the expense of developing the means of production.

Fourthly, even if some economic actors do adopt a new technique, we have no reason to expect that that technique will be generally adopted – as we would in an economy structured by capitalist property relations.

Fifthly, let us consider the case where some technical advance is, somehow, widely adopted in a pre-capitalist setting. Even this will not, as a rule, bring about economic development properly understood. For the positive effect on the growth of productiveness which may be achieved through even a universally adopted once-and-for-all advance generally is not at all comparable to that which is normally achieved as a consequence of the continual pressure to cut costs and improve which can be expected in economies structured by capitalist property relations.¹⁰ In other words, it is the capitalist property relations *per se* which account for the distinctive productiveness of modern economies – not any particular advance in the productive forces – and this is because capitalist property relations impose the requirement to specialize, accumulate, and innovate or go out of business.

Finally, for reasons stated above, given the presence of pre-capitalist property relations, the individual economic actors – both exploiters and producers – will find it irrational to attempt to install capitalist property relations within the individual productive unit.¹¹

¹⁰ Of course, it is possible to think up examples where the generalized adoption of a once-and-for-all advance in technique in a pre-capitalist economy would be very significant indeed – say, the generalized adoption of cotton machinofacture in an economy of serf estates. This would still not amount to a tendency to *ongoing* transformation, but it would probably be question-begging to deny that this is an example of economic development. Nevertheless, the question which must be asked is whether or not such a process actually could come about. It is not easy to answer this question in a definitive way. What it amounts to is whether a process of development of the productive forces of the sort which could issue, for example, in the widespread capacity to make and operate cotton factories could take place within a pre-capitalist context if modern economic growth was not already occurring elsewhere. If the framework advanced here is valid, it would seem unlikely that this could happen. Since in pre-capitalist economies, investment is likely to be directed towards developing the means of coercion, not the means of production, we should perhaps expect that to the extent resources are consistently devoted to innovation, it would be to innovation in politico-military techniques and organization. Correlatively, it would seem to require a capitalist process of development, to elicit the sort of *sustained* and *cumulative* process of technical advance required for the emergence of, say, cotton machinofacture. Nonetheless, this question of whether incremental, cumulative processes of technical innovation could ultimately amount to economic development within the pre-capitalist framework remains an open one. ¹¹ See above, pp. 38–39.

In sum, if we take the prevalence of pre-capitalist property relations as our point of departure – and accept the account here presented of property relations as relations of reproduction – it is difficult to see how the growth of the productive forces could be seen to bring about economic development, in particular by means of bringing about the transformation of property relations in a capitalist direction. As it happens, the theory that the growth of the productive forces will bring about economic development by means of bringing about changes in the property relations has, classically, depended upon a construal of property relations very different from the one offered here – in particular, a reading of property relations as ‘relations of production’ and a reduction of relations of production to socio-technical relations within the unit of production. In this rendering of the theory, so-called relations of production are constituted by the division of labour within the unit of production (the labour process). The division of labour within the unit of production directly expresses the functional requirements of the particular techniques there in use. The arrangement of managerial/supervisory labour, skilled labour, and unskilled labour of specific sorts is thus technically determined. As a result, the so-called relations of production are merely a reflection of the technical relations within the unit. Finally, to complete the picture, in the classical, and internally consistent, texts where this theory is propounded – notably Marx’s *German Ideology* – the relations of production are also what are understood in that context to be relations of property because they determine the distribution of product among the social classes. In fact, the relations of production constitute the social classes, since classes, on this view, are defined by their position/function within the immediate process of production – classically, the position in the structure of authority (managers/managed, organizers/organized). Reward thus follows contribution or function.

Now, if one thus views *property* relations (relations of distribution) as expressing the so-called relations of production and one understands the relations of production as determined by the technique in use, it certainly makes sense to see the growth of the productive forces – i.e. the improvement in the available techniques – as leading to economic development by means of leading to the rise of new productive relations. As new techniques become available, we can naturally expect the (rational) economic actors to try to adopt them. Why shouldn’t they? In turn, since adopting the new techniques generally requires constituting a new division of labour within the unit in order to put the new technique into effect, there is every reason to expect that the economic actors will reorganize their units. In so doing, they will have to change the relations of production and, in turn, the property relations. The

new relations of production and new property relations will then facilitate the adoption of the new productive forces, leading to economic development. The causal sequence foreseen runs as follows: (autonomous) appearance (new availability) of new productive forces → adoption of new division of labour, an aspect of which is new relations of production within the productive units (an aspect of which is new relations of property and class) → adoption of new forces of production.

Now, in the *German Ideology*, Marx exemplified this theory by laying out the following progression, in which each successive stage in the development of the productive forces gave rise to new relations of production which allowed for the adoption of the new techniques peculiar to that stage: (1) (autonomous rise of) craft technology → production relations of master craftsmen and journeymen (to facilitate craft production); (2) (autonomous rise of) machinofacturing technology → production relations of merchant entrepreneurs and detail labourers (to facilitate manufacture); (3) (autonomous rise of) machinofacturing technology → production relations of capitalist-managers and unskilled workers (to facilitate machinofacture). The increase in the level of technique thus gives rise to new relations of production which facilitate the adoption of the new techniques and thus the growth of productiveness.¹²

Nevertheless, it does not take much probing to see that the foregoing construction requires at once leaving out any consideration of property relations (i.e. the relations of reproduction) and the smuggling in of capitalist property relations as premises.

In the first place, the foregoing theory assumes (without explanation) that the functional positioning of the economic actors within the productive unit – especially their positioning as manager versus managed or organizer versus organized, as in Marx's *German Ideology* – will bring with it a distribution of income among classes, defined according to productive function or, perhaps more precisely, according to type of labour contributed. But it is difficult to see how this can happen, unless some system of property relations is specified; for there is no reason simply to assume that the distribution of people in different productive roles (even managerial versus managed or authority versus subordinate roles) will, in itself, determine a particular distribution of income. Of course, if capitalist property relations (relations of reproduction) are assumed – i.e. it is assumed that the producers are deprived of their means of subsistence (not necessarily their means of production) and that no one can reproduce himself by appropriating a product by extra-economic coercion – it is reasonable to expect that the reward for labour will

¹² See Brenner (1985).

be commensurate with the qualification of the labour (assuming equal quantity and quality of labour). For under capitalist property relations, reproduction must be organized through the exchange of commodities and specifically the exchange of labour power for commodities (assuming that there is some cooperative labour), and presumably no one would work unless he was paid commensurately with what he contributed (and vice versa). Returns will be according to socially necessary labour, allowing for qualification, as well as amount and quality. Of course, to say even this does not get us very far, for the whole question of 'returns to ownership' of property in the means of production – the key aspect of distribution and, thus, of reproduction under capitalism – is simply left aside.

Far more germane to our present purposes, however, is that the progression foreseen by the theory whereby individual economic actors adopt more effective techniques by bringing in new relations of production simply because the techniques are more productively effective, obviously depends upon the existence of capitalist property relations. Only under capitalism, as we have argued *ad infinitum*, will the individual economic actors necessarily have the motivation (survival) to adopt new techniques; only under capitalism will there obtain a process of natural selection to weed out those who do not. But to assume the existence of capitalism in order to explain modern economic growth is, of course, to beg the question.

To make the same point from a different angle, the theory of economic development as a function of the growth of the productive forces involves all of the classic Smithian assumptions. First, justifying the expectation that the mere appearance of a new technique will as a rule induce the economic actors to try to adopt it, requires ascribing to (pre-capitalist) economic actors capitalist motivations and capitalist rules for reproduction – assuming that they will act like capitalists. Secondly, justifying the expectation that the economic actors can and will reconstitute the division of labour inside the unit of production so as to be able to bring in the new technique and, in the process, reconstitute the property relations within the unit, requires treating property relations as if they were, in essence, techniques of production, constituted within the individual productive units, which can be adopted or discarded by individual economic actors according to their effectiveness in developing production in those individual units. Finally, justifying the expectation that the appearance of new techniques will, in itself, bring about the adoption of those techniques, requires taking it for granted that capitalist property relations obtain both inside and outside the unit, for this is the only condition under which it is economically rational for the economic actors to adopt the new technique, where it is generally possible for the economic actors to do

so, and where their failure to do so will as a rule lead to their going out of business.

The point can be brought home, finally, by referring once again to what we mean by property relations. These are not, in any useful sense, understandable as relations of production *per se*, but must be seen as relations of reproduction. Property relations specify the relationships of possession and coercion among the economic actors – the producers and producers, the exploiters and exploiters, the producers and exploiters – which make it possible for them to have the regular access to the means of production and/or the economic product which is necessary for their maintenance (reproduction) as they were. Now, since (by the argument I have been presenting) the property relations determine the economic actors' rule for (best strategy for) reproduction, they can also be seen to determine their capacity for innovation and thus the general pattern of development or non-development of the productive forces.

But the converse obviously is not true: the mere appearance of new productive forces simply cannot call into being/determine the property relations which would have to exist if they were to be put into effect. It cannot do so, first of all, because, as I have argued, under pre-capitalist property relations, the economic actors, as individuals, cannot be expected systematically to adopt new and better productive techniques, let alone find it in their rational self-interest to adopt new property relations in order to do so. But it cannot do so for a more specific reason: the key to the productiveness of capitalism, it will be remembered, is not its association with any particular technique or form of productive organization, however efficient, but the drive to cut costs by way of specialization, accumulation and innovation which it imposes on the economic actors. But this means that for the individual pre-capitalist economic actors conceivably to 'choose capitalism' in order to benefit from its productiveness: (1) they would have to understand the connection between capitalist property relations *per se* and capitalist productiveness; (2) on that basis, they would have to find it in their own individual, rational self-interest to carry through a change to capitalist property relations; (3) finally, they would have to be able, in practice, to reconstitute the new structure of property relations, i.e. eliminate the pre-capitalist property relations and install capitalist property relations. Merely to specify these conditions is, I think, to rule out the possibility of such a process – at least until ongoing capitalist relations already existed somewhere else.¹³ Of course

¹³ It should perhaps be noted, in passing, that if one accepts the analysis presented here of the theory of the productive forces, it becomes very difficult to see how a functionalist account along the lines of G. A. Cohen's in his *Karl Marx's Theory of History. A Defense* can be made

to say this is merely to state, in still another way, a thesis of this paper: that individual economic actors will not find it in their rational self-interest to bring about the rise of capitalist property relations. Whether the individual pre-capitalist actors might bring about the installation of capitalist property relations either unintentionally, or by acting collectively, organized as classes, are problems to which we must now turn.

to work. Cohen thinks it is legitimate to say that the growth of the productive forces explains the transformation of productive relations (property relations) required to put those productive forces into effect, even if one cannot always specify the causal mechanism by which this takes place. But, if I understand him properly, Cohen believes this, in part, because he also believes that there will be such a mechanism, i.e. that the new productive forces will, by some mechanism, call into existence the productive relations (property relations) requisite to their adoption. But why should such a mechanism be supplied? Cohen seems to think that precisely because the new productive forces increase productive efficiency, that some economic actors will, sooner or later, find it in their rational self-interest to adopt them and will find a way to transform the property relations to make this possible.

Now, it has, of course, been the burden of this paper, particularly of the previous section, to show that making this assumption is unwarranted. I have argued, therefore, that, given the prevalence of pre-capitalist property relations, economic actors simply cannot be assumed to find it in their self-interest to adopt new, more effective techniques and, above all, that they cannot be assumed to find it in their self-interest or their capacity to make the necessary changes in the property relations required to adopt the new techniques. But, even more to the point, if one believes, as I have contended, that the unprecedented productiveness of capitalism derives not from any particular productive force or technique, but is a consequence of the property relations themselves, it becomes just about impossible to see how the sort of argument Cohen makes for the primacy of the productive forces can be sustained. This is, most simply, because, on this premise, no particular advance in technique – no increase in the productive forces – is necessary to bring about either capitalist property relations or the tremendous increases in productiveness associated with them. Thus, capitalism could appear at a point when no new techniques beyond those already available to the economic actors under feudalism had yet come into existence; in this case, it would still yield a tremendous increase in productiveness, because, minimally, it would tend to bring about the generalized adoption of all those techniques only partially adopted under feudalism and because, more generally, it would constitute an economy in which all the economic actors find it rational to try to cut costs and increase efficiency as much as possible by specializing, accumulating, and innovating (and one in which those actors who failed to do this tended to go out of business). So, it might, just conceivably, be possible to argue (as Cohen might) that, all else being equal, individual economic actors might, on occasion, even under pre-capitalist property relations, find it sensible to attempt to adopt certain new techniques and, in turn, at least try to transform the property relationships within their individual units to make it possible to adopt such techniques; but it does not seem reasonable to argue that those same individual economic actors might find it both sensible and possible to seek to adopt, not individually but on an economy-wide basis, a system of property relations which had the merit not of facilitating the productiveness of any specific one of the economic actors, but of bringing about a general increase in productiveness for the whole system – above all, when such a system had never previously existed. So, one could not, I think, conceivably argue that individual pre-capitalist economic actors would seek to separate the pre-capitalist producers from their means of subsistence and break up the lords' institutionalized relationships with the producers which allowed them to extract a surplus by extraeconomic compulsion in order to install a system where the individual actors had, as their rule for reproduction, the maximization of profits (saw accumulate, accumulate as the Moses and the prophets)... especially when such a system had never previously existed. Nevertheless, only if we could conceive of the economic actors as making such an unlikely move, could we accept the theory that the growth of the

iii. The reproduction of property relations: stability and transformation

Up to this point, I have taken the property relations as given, and as constraining on individual economic actors, but have provided no explanation as to what actually maintains the property relations, keeps them going. How are the property relations themselves reproduced? This problem is too complex to be treated fully here. I shall consider what I believe to be one fundamental aspect, with the purpose of bringing to a conclusion my general argument concerning the social basis for economic development.

The single point I wish to develop is that the critical condition for the reproduction of the property relations is the existence of a community of economic actors which sees the reproduction of these relations as its *conscious* purpose. The community's members will seek to maintain them, simply because one of its main, explicit functions is to reproduce the property relations, and specifically to protect the access of its individual members to their means of reproduction. The community will thus see its goal to be, above all, protecting the ongoing access of its members to their means of reproduction against threats posed to this by outsiders, other members of the community, and, especially, opposing classes. To do this, the members of the community have to organize themselves into various sorts of regulative and coordinating bodies – i.e. *political* institutions.

Thus, the pre-capitalist *producers* are organized into communities, the fundamental purpose of which is to protect their members' *individual possession*

productive forces was primary in the march of history – that history was driven forward, in the last analysis, by the growth of technical knowledge and its application.

Now, a defender of the primacy of the productive forces might perhaps grant that capitalism's unique productiveness is not tied to any particular development of the productive forces which it facilitates, but is rooted in its property relations themselves, as I have argued. Possibly, he might still defend the primacy of the productive forces thesis by arguing that, as a matter of fact (or hypothesis), capitalist property relations do facilitate the adoption of certain particular techniques (for example, those involving cooperation in the labour process), and that, in fact, when these techniques become available, they are (would be) adopted precisely by means of adopting capitalist property relations. In consequence, it could still presumably be said that the appearance of new techniques calls into being capitalist property relations and thus, indirectly, the systematic growth of productiveness which is associated with these property relations. Nevertheless, this would be, I think, a fairly paradoxical defence of the thesis of the primacy of the productive forces. For it would admit that developments of the productive forces were crucial to economic development not because they themselves brought increased productiveness (and called into existence the property relations requisite to their own use), but because they brought into existence the capitalist property relations which were in *themselves* critical for economic development. The new techniques would, by this argument, be critical to the growth of the productive forces only accidentally – only because they had the accidental effect of bringing into being capitalist property relations. On the basis of such an argument we would have no reason to look to the appearance of new techniques, in particular, to bring about economic development, but could look to *any* phenomenon which could have the accidental consequence of bringing into existence capitalist property relations. Plagues, earthquakes, or the previous evolution of property relations might, on this view, be equally good candidates for the position of primacy.

of the means of subsistence. The communities of direct producers function, therefore, to counteract the threats from foreigners, the tendencies to conflict and mutual expropriation among their own members, and, especially, the pressures from the exploiters or potential exploiters. The pre-capitalist *exploiters*, similarly, will be able to establish and maintain themselves as exploiters only on the condition that they are organized into a self-conscious group (or groups) which is (are) capable, by virtue of its self-organization and resources, to impose, on a continuing basis, a levy on the communities of direct producers, as well as to protect itself against other groups of exploiters and to regulate the internal conflicts among its own members, especially over property. For example, the class of feudal lords was able to establish itself as a dominant class only when the groups of lords which came to compose it were able to organize themselves *as groups* through the feudal bond – by which the overlords brought together the underlords around them on the basis of the grant of land (with peasants) for military-political service. They required, further, as a condition of their establishment and reproduction, certain crucial resources, specifically, castles and the equipment needed by mounted knights. Based in castles, the collectivities of lords and mounted knights were able to impose taxes on the peasants sufficient for their reproduction as feudal exploiters.

If it is accepted that the main classes of pre-capitalist economies are self-organized into communities which have as one of their conscious goals maintaining the established access of the economic actors to their means of reproduction, then it seems reasonable to propose that neither the direct producers nor the exploiters are likely, *as collectivities*, to take action which has the conscious purpose of creating the social conditions required for economic development – i.e. of bringing about the transformation from pre-capitalist to capitalist property relations. This is perhaps easiest to see with respect to the direct producers. The goal of the communities of peasants is to maintain its members in possession of their means of reproduction. In so far as they find it necessary to enter into conflict with the lords, because the lords' levies threaten what they perceive to be their reproductive requirements, they will naturally seek, so far as they are able, to reduce the lords' capacities to levy taxes/rents. But even if the direct producers should succeed fully, and reduce to zero the levies of the lords, they will still exist as communities of producers in possession of their full means of subsistence. The barriers to economic development entailed by this set of property relations will thus remain intact, and it is not easy to think of conditions in which the community of peasant producers would intentionally remove them, by breaking up their members' direct, non-market access to the means of reproduction.

The case of the pre-capitalist exploiters is somewhat more complicated. Still, given the fact that the lords reproduce themselves precisely by means of asserting and maintaining their domination over the direct producers, it does not seem far-fetched to assert that, *as a rule*, to the extent they wish to improve their position by increasing their income and resources, they will do so by strengthening their domination. This means increasing their capacity to levy exactions upon the direct producers by means of extra-economic compulsion – and thereby intensifying the barriers to the emergence of the conditions necessary for economic development.

Can we conceive of *any* conditions in which the pre-capitalist exploiters as a collectivity would move, not to strengthen pre-capitalist property relations, but to transform them in a capitalist direction? This is a difficult question. We have already explained that individual exploiters could not find it in their interest to move *individually* to free their direct producers and expropriate them, because such a transformation, taking place in the individual unit, would actually reduce their ability to take an income by exploiting the direct producers. Are there conditions under which the exploiters could *increase* their income by carrying out the change *collectively* and *all at once* through the economy as a whole? For the change to be advantageous to them, the lords would have to be able to expect to collect a higher rent from direct producers now reduced to free (landless) commercial tenants, than they could from the same producers when they were unfree possessors of the means of subsistence. Nevertheless, it is not easy to see why this result would obtain, unless additional hypotheses were introduced about the differential capacity – either in general or under particular conditions – of the producing class to resist levies in each situation.¹⁴

If we reject, for purposes of the argument, the idea that unfree peasant possessors are necessarily less exploitable than free landless tenants, we can argue that the situation in which the pre-capitalist exploiters are most likely to find it in their rational self-interest to transform the property relations in the direction of capitalism is where, upon making the transition they consciously *expect* to be able to use the new property relations so as to be better able to make specific improvements (for example, in order to install forms of production requiring careful cooperative labour using advanced means of production), or, more generally, to benefit from the system-wide productivity of capitalist property relations. Nevertheless, it is difficult to see how this situation could arise, unless the existence of capitalist property relations accompanied by modern economic growth *elsewhere* had already shown them the advantages which might be gained through making the transformation.

¹⁴ This is not to rule out that such convincing hypotheses could be adduced.

But to account for economic development by positing the existence of modern economic growth is once again to finesse the fundamental problem: that is, how modern economic growth came to occur at all.

3. Routes of transition?

Modern economic growth requires the break-up of pre-capitalist property relations characterized by the producers' possession and the exploiters' surplus extraction by extra-economic coercion. Nevertheless, unless capitalist property relations have *already* made for ongoing economic growth *elsewhere*, neither producers nor exploiters in the pre-capitalist context will find it in their rational self-interest to move, either individually or collectively, to adopt capitalist property relations. How then can these pre-capitalist property relations be transcended? How were they, in fact, transcended? Obviously, this is not the place for an extended historical discussion. I will confine myself to two very preliminary sets of observations to indicate further implications of the general approach adopted here, and to set out possible lines of historical investigation.

iv. The rise of capitalist property relations as an unintended consequence

Firstly, given that pre-capitalist property relations normally impose upon the economic actors – both exploiters and producers, as individuals and as organized into classes – strategies for reproduction which lead them, in one way or another, to seek to *strengthen* these relations, we can put forward the following basic hypothesis, which follows from our overall approach: the rise of capitalist property relations occurs as an *unintended consequence* of the operation of the rules for reproduction of individual pre-capitalist actors and/or of the conflicts between pre-capitalist classes.

Secondly, under what general conditions are these unintended processes most likely to occur? Pre-capitalist societies, as noted, may be constituted on the basis of either individual or collective possession by the direct producers and either individual or collective surplus extraction by extra-economic coercion by the exploiters. From this fact, we can set out four possible general types of pre-capitalist economies, corresponding to the four possible combinations of peasant possession and lordly surplus extraction: collective possession/collective surplus extraction; collective possession/individual surplus extraction; individual possession/collective surplus extraction; individual possession/individual surplus extraction.

Now, from what has already been said, it may be reasonable to argue that those pre-capitalist economies in which the peasants possess *collectively*, as

communities, their means of reproduction will be the least likely to transform themselves in a capitalist direction. First of all, such communities are constituted, in part, precisely to retain and regulate the allocation and use of the peasants' land. Functioning so as to ensure the maintenance of their individual members, these communities are at once unlikely to allow individual members to lose entirely their access to their means of reproduction or, correspondingly, to allow individual members to dispose of the land in a way which would separate it from the community. Since the community itself directly possesses the land it is in an unsurpassed position to insure individual and community access to the means of reproduction and can hardly take action which separates the peasants from their means of subsistence.

Correlatively, where peasants possess their means of reproduction collectively through their communities, the exploiters, too, would seem unlikely to follow paths leading to the separation of the producers from their means of subsistence, whether they themselves extracted collectively or individually. As extractors of the surplus from the whole peasant communities, the lords would, it seems, find it in their interest *consciously* to support (at least up to a point) the authority and coherence of the communities. Moreover, given the need to deal with the communities on a regular basis in collecting taxes or rents, the exploiters would be relatively unlikely, it seems, to take *unintentional* actions which would undermine the communities. Finally, at least in those cases where the lords extracted the surplus as a collective, in the unlikely instance where they somehow undermined the community and began to separate its members from their means of subsistence, they would find it in their interest, due to their collective dependence upon tax revenues, actually to reconstitute the community and thereby the peasants' possession.

By the same sort of reasoning, it seems reasonable to hypothesize that where historical developments issued in economies in which the peasants possessed *individually* their means of subsistence, an ulterior evolution toward capitalism was most likely.

First, where the peasants possessed individually, the peasants' own actions could, quite clearly, have the unintended effect of separating them from their means of subsistence. Such an outcome could result not only from decisions to specialize or sell land leading to permanent losses of land (which, from the vantage point of this essay would be irrational, though presumably possible). More to the point, the peasants could, relatively easily, find themselves without access to the land required for their reproduction simply as a result of the demographic growth and parcelization of holdings which were the unintended outcomes of previous generations of peasants pursuing their individually rational patterns of reproduction and inheritance.

Secondly, where the peasants possessed individually, the lords' surplus extraction by extra-economic compulsion could more easily have the unintended effect of leaving the peasants unable to pay their rent and/or with incomes insufficient for subsistence, thus forcing the peasants to give up their plots. Here the community could not be counted on to mediate between the exploiters and possessors with the same degree of effectiveness as it could when it directly possessed the land. Moreover, especially in those instances where the lords extracted a surplus collectively through taxation, the mere fact that over-taxation leading to expropriation might be unintended and undesired could not be counted upon to prevent this from happening. Mutual adjustment between the tax state and the whole population of *individual peasants* could be, in practice, rather difficult.

Thirdly, where the peasants possessed individually, the lords who extracted individually might, in extreme cases, find it in their self-interest to evict their peasants – or at least deprive them of possession. Thus, where peasant resistance reduced rents so much as to threaten the reality of lordly domination – i.e. the lords' very right and capacity to extract a surplus by extra-economic compulsion – the peasants would, in effect, be asserting full property in the land. In this instance, the lords might be led to 'expropriate' the peasants by asserting their own ownership of the land and thereby their right to raise rent *in the future*, even while leaving the actual current levy pretty much as before.

In light of the foregoing discussion, two overriding speculative conclusions may suggest themselves. The first is that pre-capitalist economies have an internal logic and solidity which should not be underestimated. The second is that capitalist economic development is perhaps an historically more limited, surprising and peculiar phenomenon than is often appreciated.