

## Unit 1: The Origins of Capitalism

### This Unit aims to:

- Provide the basis for the rest of the course by examining the development of capitalism as it emerged in the first industrialised nation
- Examine, via a history of its development, the basis on which capitalism operates
- Look at the ways in which historical change comes about through the interaction of economic and social relations
- Provide an 'alternative' history of working-class people and their lived experiences
- Raise issues around the nature of history as it is usually written

### Terms and abbreviations

**Capitalism:** System in which private or corporate wealth (capital) is used in the production and distribution of goods resulting in the dominance of private owners of capital and production for profit.

**Feudalism:** A political and economic system where a landowner granted land to a vassal in exchange for homage and military service.

**Agrarian:** Relating to landed property.

**Protectionism:** The protection of domestic producers by impeding or limiting, as by tariffs, the importation of foreign goods and services.

**Laissez faire:** An economic doctrine of non-interference that opposes government involvement in commerce.

## Introduction

Anarcho-syndicalism originated as a response to capitalism. This introductory unit examines the emergence of capitalism through the agrarian and industrial revolutions in Britain in order to provide a context for the development of the movement.

As well as providing an insight into how capitalism came about, and an indication of how it works, this unit looks at the nature of historical change. It challenges the idea that historical change is determined by the discoveries or endeavours of a few people, or by an unquantifiable 'spirit of the age' – an idea often offered as explanation of sweeping change. Rather, it looks at the idea that change comes about by the interaction of economic development and social movements.

Understanding how historical change comes about, and how societies choose to spell out their version of the past is a crucial part of coming to understand the political present. Acknowledging that social changes have occurred over time alerts us to the fact that if society has not always been the same, then it can change. Study of the past also raises questions around what we are encouraged to think of as 'natural' social relations in the present. This Unit is a starting-point in raising some of these questions.

# The Feudal Economy

From the 12th to the 15th Centuries, medieval feudal society was based on a series of regionally based, largely self-supporting economic systems, each composed of a town and its surrounding agricultural district. Within these mini-economies, peasants were forced to work the land for a feudal lord in exchange for the right to build shelter on, and work a small strip of land. Although they were allowed to cultivate this strip of land and, if they could afford to, keep animals on it, they still had to hand over part of their produce as rent. After paying this rent and meeting their own needs, the peasants traded the little that was left of their harvest in the town for goods produced by the town's craftsmen. The gentry and their innumerable servants consumed the harvest from the lord's land, plus the peasants' 'rent'. Any surplus was traded for locally produced goods, or for imported goods, although the latter were limited luxuries.

In the towns, industries were organised into powerful guilds, and production was carried out by master craftsmen and their families. Only men could enter the guilds to become skilled workers, and this direct structural sexism was a severe limitation on the economic and social power of women. Each craftsman owned his tools and worked in a single shop, with his family and assistants. Guilds aimed to eliminate competition, both from within and from outside the regional economy, and to limit production to ensure it didn't outstrip demand, causing prices to fall (which they would if market forces came into play). Only guild members could produce and sell goods in the region. They could not expand their output beyond a given point, nor could they hire more than the agreed number of assistants. Guilds set exact quality standards to which goods had to be produced, as well as the prices they must be sold at. Thus they maintained monopoly production, ensuring a decent standard of living for craftsmen and their families.

The feudal economy persisted in this form up to around the end of the 15th Century. Thus, social and economic life continued to be characterised by the dominance of agriculture, and by production geared to meet immediate local needs (including those of the feudal landlords). There were numerous restrictions to ensure that the regional economies remained relatively closed. For example, the sale of goods from outside the economic regions was severely restricted. Through such restrictions, the feudal lord ensured the continuation of the economic region on which his authority and economic survival

depended. Trade was limited and so the amount of money in circulation was very small.

## Rise of the Merchant Class

The relatively static feudal way of life, which had endured for centuries, began to break down at the beginning of the 16th Century. A primary cause of the shift away from feudalism was increased foreign trade, which led to the emergence of a new class of merchant capitalist. These new merchants amassed great fortunes by purchasing foreign goods cheaply and selling them on at huge profits to Europe's aristocracy.

This boom led to many European countries growing rich from taxes and attempting to boost their share of trade by establishing colonial empires. Once a country established a colony, it would try to impose a trading monopoly by banning foreign merchants and ships. For example, the riches of Spanish colonies in the Americas could only be exported to Spain, where they were traded on to other European countries at a tremendous mark up, enriching both Spanish merchants and the Spanish state.

The race for new colonies inevitably led to conflict. England, being a relative latecomer to the international trade race, found that many of the prime sources of wealth had already been snapped up, so it embarked on nearly three centuries of war to establish its own colonial empire. Thus, it defeated Spain in the 16th Century, Holland in the 17th Century, and France in the late 18th and early 19th centuries. Having meanwhile spread its supremacy throughout Britain, England thus became the world's mightiest seafaring and colonial power. Indeed, it was to engage in bloody wars right up to the second world war in an attempt to maintain economic power (ironically, after centuries of war, Britain finally lost her superpower economic status to a former colony and a close friend – the USA).

The growth in trade both outside and within Europe led to increased money exchange. This in turn led to inflation being injected into the feudal economies for the first time, so that the 16th Century

witnessed a price revolution. For instance, in Britain, wheat prices, which had been static for centuries, more than trebled between 1500 and 1574.

Increased use of money and inflation began to undermine the feudal order. The gentry wanted money to buy the new luxury goods that flooded Europe. Meanwhile, spiralling prices meant they could make money either by producing and trading agricultural goods directly, or by renting the land to a growing class of large-scale farmers. Thus, capitalism was quick to penetrate into English agriculture, where part of the land-owning class formed a bloc with the new capitalist farmer.

These changes in the economy led to a dramatic change in social relations. The peasantry, who had been, to all intents and purposes, tied to the land and virtually owned by the lords, were set "free" - in other words, evicted. Evictions gathered pace as trade increased, especially as the growth of the textile industry raised the demand for high quality English wool. The landed gentry enclosed more and more common land, to raise sheep. Such land was owned collectively by the peasantry and was forcibly taken over - stolen - by the aristocracy. Some measure of the pace of evictions can be gauged from contemporary writers. Thomas Moore, at the start of the 16th Century, recorded that "the sheep swallow down the very men themselves". By 1581, H. Stafford wrote:

*"Gentlemen do not consider it a crime to drive poor people off their property. On the contrary, they insist that the land belongs to them and throw the poor out of their shelter, like curs. In England at the moment, thousands of people, previously decent householders, now go begging, staggering from door to door."*

Evicted from the land and faced with massive price rises for basic foods, the lives of an increasing number of landless peasants became ones of desperation and growing starvation. Evictions were to carry on in Britain for the next three centuries. As a result, today, it still has the smallest rural population in the industrialised world, and even amongst these, the majority neither own nor work on the land. (It is interesting to note that the transition from feudalism to capitalism took a different route in France due to the French revolution. The land, which under feudalism was jointly owned by the lord and the peasant, was taken from the defeated aristocracy and handed to the

peasantry, making France a country of small-scale peasant holdings - the opposite of what occurred in Britain.)

It was not just in the countryside that the feudal order was breaking down. In the towns throughout the 16th Century, the guild system also suffered due to the increased trade. The new merchant capitalists now bought goods locally for export. Hence, these were no longer produced for sale locally, but were instead sold to merchants. As merchants could travel the country to buy the cheapest goods, craftsmen soon found themselves competing with each other in a national market. This undermined the guild system, which could only operate through control of regional economies, maintaining monopoly production, and keeping market forces at bay. However, with the establishment of a national market, the regional monopolies were broken. Henceforth, market forces began to dictate patterns of trade, fundamentally affecting all aspects of production, consumption and pricing of goods.

# The emergence of Capitalism

Capitalism started to emerge during the 17th Century. At first the merchants, or “buyer uppers”, as they became known, were a link between the consumer and producer. However, gradually, they began to dominate the latter, first by placing orders and paying in advance, then by supplying the raw materials, and paying a wage for the work done in producing finished goods.

The concept of a waged worker signalled a crucial stage in the development of capitalism. Its introduction was the final stage in the “buyer uppers” transition from merchant, (making money from trade), to capitalist (deriving wealth from the ownership and control of the means of production). The first stage of capitalism had come into being. This stage saw one new class, the primitive capitalists, exerting power over another new class, the waged workers.

Early capitalism also engendered new methods of production. The earliest was the ‘cottage industry’, which saw individual homes become mini-factories, with production directed by the capitalist. The cottage industry model became so widespread in the woollen textile industry that it became a method of mass production. In turn, the wool trade became Britain’s most important industry by the end of the 17th Century.

Importantly, the hundred-year transition from feudalism to primitive capitalism had strong state support. The regionally based feudal economies and the power of the aristocracy ran counter to the interests of this alliance between capitalism and the increasingly centralised state. The state gained the wealth it desperately needed to maintain its growing bureaucracy and standing army, by tapping into capitalism through taxes, customs, duties and state loans. In return, it conquered colonies, fought for dominance of the world’s markets, and took measures against foreign competition and the power of the aristocracy. Such measures included bans on the import of manufactured goods, restrictions on the export of raw materials destined for competitors, and tax concessions on the import of raw materials. Restrictions on exporting raw materials hit the aristocracy particularly hard as agricultural produce is, by its very nature, raw materials. Thus, bureaucrats and capitalists defeated the aristocracy - though a section did survive the transition from feudalism by forming an alliance with the new capitalists.

It is worth noting here that the alliance between the state and capitalism occurred across Europe, though in different forms. For

instance, in Germany, where capitalism was much less developed and therefore weaker, the more powerful state was able to exercise much more control. This was an early indication of the development of the social market in Germany under which the state has much more power. In Britain, capitalism was much more developed and so was able to exert much more influence, leading to the development of the free market system, under which the state has far less influence.

## Social impact of capitalism

The establishment of capitalism was a time of upheaval and bitter struggles between new and old power-brokers. At the same time, the mass of the population were dragged unwillingly into an increasingly violent conditioning process. The new capitalists needed to be able to exert ever more pressure on their producers to produce more for less, so that the capitalists could maintain trading prices and increase profits. They looked to the state to ensure pressure was brought to bear on workers who, for the first time, were being forced to sell their labour in an increasingly competitive work environment, which was itself aggravated by the swollen ranks of the new landless and unemployed. Laws were passed setting a rate for the maximum wage payable to peasants. The aim of all this brutal legislation was to turn the dispossessed into a disciplined obedient class of wage workers who, for a pittance, would offer up their labour to the new capitalism. The state also clamped down on beggars, whose ranks were swollen by dispossessed peasants and ruined craftsmen. Able-bodied vagabonds were lashed or branded with red-hot irons, while persistent vagrants were liable to execution.

The problem of creating a disciplined and regimented workforce should not be underestimated. Viewed from our advanced modern industrial perspective, submitting to the routine of going to work daily, for a set number of hours, usually inside a building, appears the norm. From the perspective of 16th and 17th Century peasants, however, this routine would have been alien. The working day under a pre-capitalist agrarian system would have been shaped by hours of light and hours of darkness, as most work took place out of doors. The intensity and length of labour was dictated by seasonal considerations, such as planting or harvest periods. Similarly, holiday periods, even those marked by the Church, were seasonally derived and often based on ancient pagan festivals. The number and extent of these holidays helped define and shape the working year; up until the Reformation during the 16th Century, it is estimated that around 165 days a year, excluding Sundays, were given over to celebrations and festivals.

## The Rise of Manufacturing

The spread of capitalism meant that the feudal economic system and the power of the aristocracy was in terminal decline by the late 17th Century. The establishment of mass production, based on the cottage industry, meant England was well on the way to becoming a capitalist and industrially-based society. As the 18th Century progressed, this transition was completed.

During the 18th Century, a primitive form of manufacturing developed, which differed from cottage production in that workers did not work from home, but rather from single premises, or factory, owned by the capitalist. However, this early manufacturing differed from its later form in that it still depended on human physical power with little use of machinery. As such, early 18th Century manufacturing can be seen as a link between domestic production, based on cottage industry, and capitalist production, based on the mechanised factory system.

At first, the move towards factory production was driven by cost. Centralised production spared capitalists the cost of distributing raw materials to individual workers. Further, as the factory system developed, it soon became clear that it gave capitalism much greater control over the workforce, establishing tighter organisation of work and workers and thus higher productivity.

Keeping production under one roof also meant the possibility of speeding it up by breaking the process down into planned stages. This entailed workers specialising in one particular component of the production process. Within this new system, the worker's role was reduced to repeating the same monotonous task over and over. This led to gains by the capitalist because of the greater speed of the production process and the better quality of the goods. Importantly, this division of labour into separate tasks significantly transformed the nature of work. It effectively de-skilled craftsmen and women who had been trained to produce finished goods by participating in the process of production from beginning to end and arguably, removing the sense of meaningfulness inherent in being present in the whole process of production to the point of completion.

These transformations, of the place and nature of work, lead to yet another fundamental change in social relations. Society rapidly evolved into two clearly defined social classes, the industrial capitalist and the waged worker. Capitalists broke their remaining links with their merchant past, giving up their commercial role to concentrate on

organising the production process. Their sole source of income was profit, gained from the exploitation of the labour of the emerging working class.

Working class life also changed dramatically under the factory system. Even under the cottage industry system workers had had some independence. Owning their own basic tools and cultivating a plot of land enabled them to subsidise their income. This, and the fact that they worked unsupervised from home, gave them some degree of autonomy and control. In the factory, any semblance of autonomy was lost completely. Workers had to work a specific number of hours under the direct supervision of the capitalist, who owned the more specialised tools. With no land or tools to earn extra income from, workers became totally dependent on their ability to sell their labour. Thus, a clearly defined working class was emerging, separated totally from even limited control of the means of production. The wage slave had been born. New social relations within the factory also developed. With the division of labour it was necessary for someone to co-ordinate the actions of many workers. The job of overseer, or foreman, came into being, separate from the rest of the skilled workers. Also, as production was increasingly simplified, the unskilled worker came into the process; a concept which had never before existed. Though the creation of the primitive factory system did greatly increase productivity, the savings made were not enough to entirely eliminate cottage industries, which still had many advantages.

Under the cottage system, the capitalist did not have to pay for a factory and its upkeep. Wages could be kept to a minimum, as cottage labourers paid for much of their own upkeep through growing their own food and working on their own behalf. As a result, production was often integrated, with the first and last parts of the process based in the factory, and the intermediate parts done by cottage labourers. Through such developments, manufacturing grew out of the cottage industry in Britain. This contrasted with the rest of Europe, where the state generally remained stronger, and attempted to introduce manufacturing by planning, providing factories and recruiting the workforce. For example, in France, capitalism was far more state-directed, and this remains the case today.

The needs of capitalism changed as factory production developed and the state was again enlisted to ensure continued

expansion. Under existing apprenticeship laws, the right to engage independently in industry was only granted to men who had served a seven-year apprenticeship and who were members of a guild. This severely limited the number of workers that could be hired, which hampered the spread of factory production. At first, manufacturers by-passed guild regulations by setting up in rural areas and new towns where the guild system didn't operate and by investing in new industries not covered by guilds. However, as capitalism expanded, calls for an unregulated free labour market grew. The state responded by sweeping away the remaining restrictive guild regulations, bringing their power to an end. It also undermined the practice of local Justices of the Peace setting minimum wage levels. The free market form of British capitalism demanded and got a completely deregulated, unprotected workforce that it could then exploit to the full.

Capitalism developed quicker in Britain and was far more 'productive' than elsewhere - it produced more goods more cheaply. This brought calls from British capitalists for international free trade and for an end to protectionism. So, after centuries of building up the economy behind barriers to foreign competition, Britain suddenly decided that protectionism is an abomination. This tactic has been used since by all advanced capitalist countries including the US, Germany and Japan. Current attempts by the developed nations to force underdeveloped nations to open their borders to free trade under so-called free trade agreements should be viewed in this light.

The laws originally brought in by the state to protect the interests of capitalism against foreign competition were now a barrier, preventing the more dynamic sectors of British industry, most notably the cotton and metal trades, from exploiting overseas markets. By the late 18th Century, calls for free trade had gained widespread currency, particularly with the publication, in 1776, of Adam Smith's *The Wealth Of Nations*. These *laissez faire* free market ideas, upon which British capitalism developed, still dominate the British ruling elite's thinking, and helps explain why the Thatcherite free market "revolution" occurred in Britain in the 1980s, rather than elsewhere.

# The Industrial Revolution

By the early 1770s, the economic and social conditions were in place for the industrial revolution to explode on to the world's economies. Powered by a number of new inventions, the primitive factory system was transformed, as machine power drove productivity to unprecedented levels. With the factories transformed by the new machinery, the cottage industries could not possibly compete and soon collapsed. Between the 1770s and the 1830s, there was a boom in factory production with all manner of buildings being converted into factories and the majority of waged labour taking place within factory buildings.

It would be over-simplistic, however, to see the industrial revolution merely as a result of the invention of machines that replaced many workers. As we have seen, the social relations needed for the industrial revolution to take place had taken centuries to evolve. Without the factory system, these inventions would have been meaningless. In the first place, the machinery introduced into the work places of late eighteenth and early nineteenth century England was specifically intended for factories, as they had developed within the economic and social conditions of the time. In this sense, we can see that these inventions themselves were largely products of a particular context within history. In addition, it should be noted that the invention of machines to aid production was hardly new. Under feudalism their introduction had been opposed by the guilds, often violently, with the audacious inventor occasionally being put to death. For example, the Ripon loom was banned in the 16th Century after guild opposition. But the demise of the guilds meant the way was opened for the introduction of all manner of labour-saving inventions. The water wheel, the blast furnace, pumping machines for mines, improved transmission of power through cog-wheels and fly-wheels, were just a few of the innovations which paved the way for the industrial revolution.

Given the pre-conditions for the development of capitalist industry, it is hardly surprising that the industrial revolution first took off in the cotton industry. Cotton production only appeared in Britain in the late 17th Century and was free of any guild restrictions. Further, it had to compete with the well-established woollen industry.

Both these factors encouraged higher productivity, resulting in the invention of the spinning jenny in the 1730s, followed by the mule, followed by the mechanical loom.

However, it was not until the invention of the steam engine that the industrial revolution truly took off. Steam power replaced human power, first in the cotton and metal industries, then throughout the rest of industry. This explosion in productive power transformed Britain's economy. As productivity increased, so the prices of manufactured goods plummeted, stimulating demand for British goods across the world. As a result, the value of British exports rose from £15million in 1760 to £59million in 1805. This new wealth, however, was not experienced by the workers whose labour had made it possible. Abroad, these were the black slaves upon whose backs the cotton industry in Lancashire grew and prospered. In Britain, it was concentrated amongst the few, capitalists who owned the means of production and 'bought' with capitalist-dictated wages, the labour of the workers.

It is important to note that ownership of the 'means of production' at this stage in the development of industrial capitalism meant not only the ownership of factories, machinery and the power to invest or withhold capital, but also the means of the production of knowledge. Capitalists who owned newspapers, for example, could exert great political influence to protect their own interests. Ownership of a newspaper meant not only the direct control of print workers, distributors and sellers, but control over the transmission of information. This could, for instance, extend to direct or indirect political influence through specific politicians or parties. It might also extend and protect capitalist interests by the spread of ideology and, less subtly, blatant propaganda.

Within the conditions engendered by the industrial revolution, workers faced up to eighteen hours a day in the factories and horrific living conditions in the "booming" manufacturing towns. The brutality of the new capitalist system is perhaps best summed up by its treatment of children. Women workers, from the onset of the industrial revolution, were used as cheap labour, while retaining child-raising responsibilities. With nowhere to leave children, women had little choice but to bring

them to work. It was not long before they were seen by capitalism as an even cheaper source of labour. By the early 1800s, children as young as five could be found working up to twenty hours a day down mines, with conditions little better above ground in the factories. Orphanages systematised this slavery, handing over a

## Conclusions

steady stream of children to factory owners.

Along with terrible living and working conditions, wages fell in real terms, due to rocketing corn prices caused by the Napoleonic wars. In response to the rise in corn prices, and with an eye on the main chance, large farmers and the aristocracy rushed to grow wheat on every available patch of land. This caused the enclosure of yet more “common” land, emptying the countryside of ever-greater numbers of peasant farmers, and driving them into the misery of the industrial cities. This conclusive chapter in rural clearance completed the centuries-old process of transforming Britain from a feudal agricultural society into the world's first capitalist industrial society. Demographic statistics of the period are extremely illuminating; in 1750 some 90% of the population of England lived in the countryside. By the time of the 1851 census the number of people living in urban settlements was greater than those living rurally.

A brief look at the history of the economic and social conditions that pre-dated the industrial revolution shows that capitalism did not arise from the efforts of a few inventors causing an industrial revolution, nor because British capitalists had some special “enterprising spirit”. It arose from the systematic breakdown of feudalism as a social and economic system and the imposition of a wage labour system in its place.

Sadly, capitalists and state bureaucrats copied the ‘success’ of industrialisation across the western world, as they sought to cash in on the huge wealth enjoyed by the new British ruling class. The capitalist system, based on the exploitation of the working class, soon spread to Europe, and as we will see, to the rest of the world. Presently, capitalism, alongside its essential partner institutions of sexism, racism and homophobia, dominates the global economy, continuing to inform and maintain the social relations within it. The now-familiar pattern of economic success being measured by which country or capitalist can extract the most profit from the workers under their control has its origins in the transition of Britain from a feudal society.

We will see in the next Unit, that the coming of capitalism has, somewhat paradoxically, also brought with it the potential for workers to organise for change. Though capitalism brought with it untold misery, ordinary people were far from passive victims in the face of exploitation. Instead, they sought to resist capitalism, giving birth to the idea of an alternative world, free from exploitation and misery. In the remainder of this course, we will trace that resistance, and the struggle for a new world, and how such ideas developed into the theory and practice that came to be known as anarcho-syndicalism.

## Key points

- Present –day capitalism arose from the systematic breakdown of one social and economic system (feudalism) based on obligation, and the rise of another social and economic system (capitalism) based on wage labour
- Until the end of the eighteenth-century, the work experience of the labouring population in England was predominantly agrarian-based but by the mid-nineteenth-century was predominantly urban
- Colonialism, involving the establishment of national trading monopolies, began with merchants and state chasing the wealth created by foreign trade and led to several wars over exploited foreign territory, over four centuries
- Changes in the economy in England led to changes in social relations
- The industrial revolution began in England and came about as a result of changes in economic and social relations
- The present-day model of the capitalist exploitation of labour for profit has its origins in the transition of Britain from feudalism to capitalism

## Checklist

1. When and how did the breakdown of the feudal economy begin in England?
2. What are the common features of the peasant evictions of 16<sup>th</sup> century and the land enclosures of the 18<sup>th</sup> century?
3. What are the main differences between the work experience of the labouring population of England before and after the end of the 18th Century?
4. What was the first stage of capitalism and how did this come about?
5. How did the primitive form of manufacturing that developed during the 18<sup>th</sup> century differ from cottage production? How did it differ from later developments?
6. What were the main effects on the nature of work of the factory system of the early nineteenth-century?
7. What is meant by 'protectionism' and why did capitalists call for it to end in the late eighteenth-century?

## Answer suggestions

1. *When and how did the breakdown of the feudal economy begin in England?*

A major cause of the shift away from the feudal system was the increase in foreign trade around the beginning of the sixteenth-century. As well as leading to the creation of a class of merchant capitalists, the growth in foreign trade promoted the use of money and produced inflation. This came about mainly through the aristocracy's money-making schemes of direct trading of agricultural goods or renting out land; all undertaken in order to attain money to buy foreign goods. In addition, the purchase of locally produced goods for export by the merchant capitalists enforced competition between craftsmen in a national market, thus breaking the regional monopolies and the power of the guilds. After this, market forces dictated all aspects of trade.

2. *What do the peasant evictions of 16<sup>th</sup> century and the land enclosures of the 18<sup>th</sup> century have in common?*

The peasant evictions of the 16<sup>th</sup> century came about because the gentry began to rent out land to a new class of large-scale farmers, in order to make enough money to buy the new foreign luxury goods that were flooding Britain and Europe. Peasants who had hitherto been tied to the land were driven off and left without shelter or subsistence. The enclosures of the 18<sup>th</sup> century came about because large farmers and the aristocracy wanted to grow as much wheat as they could in order to profit from the huge price rise in corn caused by the Napoleonic Wars. Common land was enclosed which meant that peasant farmers were thrown off and were prohibited from cultivating or keeping animals on this land. In both cases, the economic greed of the powerful classes have resulted in deprivation for the labouring classes.

3. *What are the main differences between the work experience of the labouring population of England before and after the end of the eighteenth-century?*

Prior to the onset of the industrial revolution, most work was land-based, took place out of doors and was dictated by hours of light and darkness and the seasons. The production of goods was often seen through from beginning to end by the same worker. After the onset of the industrial revolution, when the factory system evolved,

labour took place by the clock, mostly indoors and was repetitive and monotonous, one worker being responsible for one part of the process of manufacture. Other differences include the wage system, the place of work, conditions and the move from the countryside to the towns and cities. It can be noted that, while the changes were sweeping as a whole, there were many variations across the country.

4. *What was the first stage of capitalism and how did this come about?*

The first stage of capitalism came about during the 17<sup>th</sup> century, when merchants gradually became more involved in the production of goods by supplying materials and paying wages. The merchant made the transition to capitalism by making profits from the ownership and control of the means of production. This is considered to be the first stage of capitalism.

5. *How did the primitive form of manufacturing that developed during the 18<sup>th</sup> century differ from cottage production? How did it differ from later developments?*

The main difference between cottage production and the primitive form of manufacturing that developed during the 18<sup>th</sup> century is in the location of work. In the new system, workers did not work from home but from a premises (factory) owned by the capitalist. This new form of manufacturing differed from the later factory system in that it still relied very much on human physical power and skill and involved little machinery.

6. *What were the main effects of the factory system on the nature of work in the early nineteenth-century?*

The main effects were to lengthen the working day, and the number of days spent in work, to create a new class of 'overseer' separate from the majority of the workers, and sweep away guild regulation. It ended the practice of local wage setting and drew the labouring classes into the horrific conditions of the new industrial towns. Workers became totally dependant on their ability to sell their labour and the working class emerged as a category of people who were separated from even limited control of the means of production. You may have found many other changes from your reading and thinking around the implications of the sweeping changes wrought by

the factory system of the early nineteenth-century.

7. *What is meant by 'protectionism' and why did capitalists call for it to end in the late eighteenth-century?*

Protectionism is an economic system that protects home producers by way of tariffs to foreign imports and services. Once capitalism had developed in Britain and it became the world's dominant economic power it was producing more goods cheaply and needed to open and exploit overseas markets. This meant a call for international free trade and an end to the tariffs. Paradoxically, these had been originally set up to protect capitalists from foreign competition, but they became a barrier to increased profits for the big British capitalists.

## Some discussion points

- In which ways can studying the early history of capitalism in Britain help us to understand the present-day working of capitalism?
- What have you learned about the nature of history as it is generally offered during the course of studying this unit?
- Was the development of capitalism inevitable?

## Further Reading

Specifically for this Unit, there are very few good books which cover the period in question and give any real weight to the issues facing the working class and how they dealt with them. However, there are many general history texts which do cover the period, although they invariably understate the level of working class organisation and activity. Try searching your local library.

**I. I. Rubin. A History of Economic Thought. Pluto. ISBN 0745 303013. -LI- -BS-**

Rubin, a Russian Bolshevik, first wrote this in the 1920s (he was subsequently executed by Stalin for questioning Soviet economic policy). Though clearly marxist-determinist, this remains a very useful background to the rise of capitalism.

**K. Marx. Capital. various reprints available. -LI- -BS-**

In the original, Marx is not an easy read, and this is no exception. However, it is detailed and was written sooner after the events than most books available today.

**L. Spencer & A. Krauze. Enlightenment For Beginners. Icon. ISBN 1874 166560. £8.99 -BS- -LI-**

Accessible (with pictures!) and modern (so available) commentary on the closing days of feudalism and the transition to capitalism. Classical perspective, and rather light on the labour movements of the era.

**E. P. Thompson. Customs In Common. -LI-**

A homage to pre-capitalist society, with some good accounts of early resistance to the first signs of capitalism.

Note: The further reading outlined is not designed to be an exhaustive bibliography or a prescriptive list. It is designed to provide some pointers for the reader who is interested in taking the topics raised in this Unit further. There will be many useful sources which are not listed here, and some of those which are listed may be difficult to obtain. To assist Course Members, an indication is given alongside each reference as to how best to obtain it. The codes are as follows: -LI- try libraries (from local to university), -AK- available from AK Distribution under Course Member discount scheme (order through SelfEd), -BS- try good bookshops, -SE- ask SelfEd about loans or offprints).