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POLITICAL ECONOMY - A Beginner's Course

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Chapter 2 – How Did Society Develop To Capitalism?

The Russian Revolution of October (November) 1917 opened up a new chapter in the history of mankind. It set as its aim the building of socialism. Under socialism, the exploitation of man by man is done away with. The task of the second five-year period, upon which the U.S.S.R. entered in 1933, is the building of a classless, socialist society.

In his speech to the congress of collective farm shock-brigade workers in February 1933, Comrade Stalin said:

*"The history of nations knows not a few revolutions. But these revolutions differ from the October Revolution in that they were one-sided revolutions. One form of exploitation of the toilers made way for another form of exploitation, but exploitation, as such, remained. Certain exploiters and oppressors made way for other exploiters and oppressors, but exploitation and oppression, as such, remained. The October Revolution alone set itself the aim - of abolishing **all** exploitation and of liquidating **all** exploiters and oppressors."*

In order to understand thoroughly the full significance of the struggle for a classless, socialist society, it is necessary to know the essence of class society. It is necessary to remember of what classes society is constituted under capitalism. One must keep in mind what classes are and clarify the question as to whether classes have always existed. One must understand in just what way capitalist society differs from all other forms of class rule. Finally, one must thoroughly master the questions as to what course the struggle of the working class must follow in order to destroy capitalist slavery, and as to what the laws of development and decay of the capitalist system are.

The menials of capitalism do their utmost to prove that the division of society into classes is inevitable. It is important to the defenders of the moneybags to depict things as if the existence of exploiters and exploited were an eternal and necessary condition for the existence of any society. As far back as in ancient Rome, when the

exploited rebelled against their masters, a certain defender of the ruling class told a fable in which he compared society with the organism of an individual; just as in the individual, presumably, hands exist to do the work, and the stomach to take food, just so must society have people to do all the work and others to take the fruit of the workers' labour. As a matter of fact all the later apologists of the rule of the exploiting classes, in their struggle against the destruction of the system of exploitation of man by man, have not gone very much further than this miserable fable.

In reality it has been incontrovertably proven that the human race lived for many thousands of years without class division, class rule or exploitation. As is well known, man evolved from the animal kingdom countless ages ago. Man has never lived segregated, by himself, but always in groups. During the first stages of human development these groups were small. What united the individual members of such groups? It is clear that what united them was their common struggle for existence, their common labour in obtaining food.

Man had to conduct his struggle with nature during the primitive stages of development under exceedingly difficult conditions. A stick and a stone were all the "instruments" man was limited to for many thousands of years. Numerous dangers surrounded him at every step. He was almost powerless against the tremendous forces of nature, about whose laws he knew nothing at all.

Under these circumstances men lived in small communities, clans. They worked in common and used the fruit of their joint labour in common also. There could be no inequality at these low stages of human development since people got only enough products by hunting, herding cattle or very primitive agriculture for a bare existence.

All peoples lived in such primitive clan communities during the first periods of their development. Such primitive clan communities, or communes, continued to

exist even up to very recent times in many remote corners of the earth which remained uninfluenced by the more developed countries. The pressure of the European bourgeoisie, which grabbed all these corners of the earth, of course worked havoc with such organisation. A thousand or fifteen hundred years ago, however, the forefathers of some of these Europeans also lived in such a primitive clan system.

Thus we see that up to the rise of class division in society, *primitive clan communism* prevailed. There were different forms of this system among different tribes and peoples. But, irrespective of these differences, the primitive stage of development of all peoples shows a complete similarity in the principal features of social organisation.

The first stages of social development, in which primitive communism existed, proceeded at an exceedingly slow rate of evolution. During hundreds, even thousands of years, conditions of life practically did not change or changed extremely slowly. Man took the first steps in his development with tremendous difficulty. Generation followed generation and social conditions did not change noticeably. Very slowly indeed man learned to perfect his tools and his methods of work.

What were the social relations under primitive communism? The primitive community or clan was usually small in numbers: with the technical development existing at the time a large clan could not hope to feed all its members. Labour in such a community was organised more or less according to a plan. All members of the community had definite occupations. The men, for instance, hunted. The women stayed at home with the children and also had to till the soil. Upon returning from the hunt the game was divided according to established, time-honoured custom.

"The population was very small in numbers. It was collected only on the territory of the tribe. Next to this territory was the hunting ground surrounding it in a wide circle. A neutral forest formed the line of demarcation from other tribes. The division of labour was quite primitive. The work was simply divided between the two sexes. The men went to war, hunted, fished, provided the raw material for food and the tools necessary for these pursuits. The women cared for the house, and prepared food and clothing; they cooked, wove and sewed. Each sex was master of its own field of activity: the men in the forest, the women in the house. Each sex also owned the tools made and used

by it; the men were the owners of the weapons, of the hunting and fishing tackle, the women of the household goods and utensils. The household was communistic, comprising several, and often many, families." (Especially on the northwest coast of America; see Bancroft. Among the Haidahs of the Queen Charlotte Islands some households gather as many as 700 members under one roof. Among the Nootkas whole tribes lived under one roof.—F.E.)

"Whatever was produced and used collectively, was regarded as common property: the house, the garden, the long boat." See Engels, *The Origin of the Family*, p. 180.

Under conditions of primitive communism there could be no place for social groups living on unearned income. There was no exploitation of one part of the community by another in the framework of primitive communism. At that stage of human development, the instruments of labour were very simple, so that there could be no question of private property in tools: everyone was able, without much labour, to prepare for himself a spear, a stone, a bow and arrow, etc. At the same time there was no private property in land, the land was the common property of the entire community, the clan. It was just this remnant of communal land ownership that proved most enduring among the peasantry even ages after the development of class division in society. During later stages of social development the village community was frequently maintained artificially by the exploiters and the class state in order to facilitate the exploitation of the peasantry, collect taxes, etc. In other cases, on the contrary, the ruling classes destroyed communal life in the village in order to clear the field for the free development of capitalism.

Communal ownership of land remained even after agriculture had become the predominant, the principal form of labour. The land which was given to individual peasant families to cultivate was redistributed from time to time. It remained the communal property of the village and was frequently distributed among the various households by means of drawing lots. Communal ownership of pasture land remained even longer. A common pasture for the entire village was by no means rare even after the rule of capital had been established.

Thus, before the rise of class distinctions in society *primitive clan communism* prevailed. In this order of society also there were various features peculiar to the

different peoples and tribes. However, in spite of these peculiarities, the primitive stage of development among all peoples bore the greatest similarity in the fundamental attributes of the system of society.

Bourgeois scientists, afraid of communism and the abolition of private property, try to represent things as if the existence of society and even of man himself is inconceivable without private property. The actual history of human society refutes this fabrication of the servants of capitalism most unequivocally. As a matter of fact, private property, like the division of society into classes, appears only at a comparatively late stage of social development. People lived for many thousands of years without the least conception of private property.

Under primitive communism there was no *state*. The state appeared later, with the rise of private property and the division of society into classes. Lenin in his lecture on the state said the following:

"In primitive society, when people lived in small clans, in the lowest stage of their development, in a state near to savagery, in the epoch from which modern civilized man is separated by several thousands of years, at that time there were as yet no signs of the existence of the state." This "was the time when there was no state, when social connections, society itself, discipline and the labour distribution were maintained by the force of custom, traditions, by the authority or respect enjoyed by the elders of the clan or the women, who at that time not only had equal rights with men, but sometimes even greater rights, when there was no specific category of specialists to rule. History shows that the state is a special apparatus for the coercion of people, coming into being only where and when there has been a division of society into classes - that is, a division into such groups of people of which one can constantly appropriate the labour of others, where one exploits the other." (Lenin, Collected Works, Vol. XXIV, "On the State," pp. 365-66, Russian ed.)

We thus see that the division of society into a class of exploiters and a class of exploited is not at all an eternal and inevitable feature of each and every social system. On the contrary, we see that society existed for a very long period of time without knowing anything of classes, or exploitation, or private property.

In primitive times man proceeded very slowly upon the road of development, but nevertheless there was progress. Human society never remained in a totally static condition. Tools slowly but surely were perfected.

People learned to use the previously incomprehensible forces of nature. The discovery of fire played a tremendous role. Then the savages learned to make a bow and arrow for hunting purposes. Having begun with a stick and a stone, man gradually learned to make the stick into a spear and to grind the stone so as to make it better adapted for hunting purposes. A new stage was reached when the art of pottery making was achieved, when man learned to make vessels from clay. The taming of the first domestic cattle and the cultivation of grain played a tremendous part. Thus cattle-raising and agriculture began. With the discovery of how to smelt iron from the ore, and the invention of writing, the primitive period ends and the era of civilisation begins. In the *Manifesto of the Communist Party*, Marx and Engels have written that beginning with this point the entire history of human society is the history of class struggles.

How did classes originate? The appearance of classes is most closely connected with the entire process of social development. The domestication of cattle leads to the separation of cattle-raising tribes from the remaining masses of the clan groups in primitive society. This is the first great social division of labour. From this point on different communities have different products. The cattle-herding tribes have the products of cattle-raising: animals, wool, meat, hides, etc. A basis is established for the exchange of products among the tribes. At first the exchange is conducted by the elders of the clan communities; cattle is the main article of barter. Barter at first takes place at points where various tribes meet; barter takes place, at first, between different communities and not between separate members of the communities.

At the same time, with the growth of the population, the old methods of work prove inadequate. The ever increasing number of people cannot feed themselves by means of these methods. There is a beginning of plant cultivation - the first steps in agriculture. Tilling of the soil, under those circumstances, inevitably brings about a much closer connection of some families with their part of the cultivated land. Thus the basis for private property is laid.

"The increase of production in all branches - stock-raising, agriculture, domestic handicrafts - enabled human labour power to produce more than was necessary for its maintenance. It increased at the same time the amount of daily work that fell to the lot of every member of a gens, a household or a single family. The

*addition of more labour power became desirable. It was furnished by war; the captured enemies were transformed into slaves. Under the given historical conditions, the first great division of social labour, by increasing the productivity of labour, adding to wealth, and enlarging the field of productive activity, necessarily carried slavery in its wake. Out of the first great division of social labour arose the first great division of society into two classes - masters and slaves, exploiters and exploited." See Engels, *The Origin of the Family*, p. 183.*

To the extent that man masters new forms and methods of labour, a further development of the division of labour takes place. People learn to make utensils, all kinds of tools, various kinds of weapons, etc. This gradually brings about the separation of artisanship from agriculture. All this greatly widens the basis for the development of exchange.

The dissolution of primitive communism leads to the transfer of cattle from communal to private ownership. Land and tools also become private property. With the inception of private ownership the basis is laid for the rise and growth of inequality.

*"The distinction between rich and poor was added to that between free men and slaves. This and the new division of labour constitute a new division of society into classes." *Ibid.*, p. 186*

With the decay of primitive communism the division into exploiters and exploited arises in society. People appear who live upon the labour of others. The exploitation of one class by another - that is what characterises the different stages of development of class society. The forms of exploitation, however, the methods by means of which one class lives at the expense of another, change with the different stages of development.

"Slavery, which reaches its highest development in civilisation, introduced the first great division of an exploited and an exploiting class into society. This division continued during the whole period of civilisation. Slavery is the first form of exploitation characteristic of the antique world. Then followed serfdom in the Middle Ages, and wage labour in recent times. These are the three great forms of servitude characteristic of the three great epochs of civilisation. Their invariable mark is either open or, in modern times, disguised slavery." (*Ibid.*, p. 201).

We have already seen that classes differ in their position within a definite system of social production, according to their relations to the means of production. Each of the three main forms of society based on exploitation - slavery, serfdom and capitalism - has, in this respect, its own individual features. Every one of these forms of the exploiting society is distinguished by its own structure of social production, its own type of production relations.

The system of slavery is met with in the most diverse epochs of the history of mankind. Slavery is the most ancient form of exploitation. It occurs upon the very threshold of the written history of human society.

Under slavery the exploited class is the property of the exploiters. The slave belongs to his owner just as a house, land or cattle. In ancient Rome, where slavery flourished, the slave was called a "talking tool," as distinguished from "mute tools" and "semi-mute tools" (cattle). A slave was considered a chattel belonging to his master who did not have to answer for the murder of his slave. The slave-owner considered the slave as part of his property, and his wealth was measured by the number of slaves he owned. The slave-owner made his slave work for him. Slave labour is labour performed under compulsion, under threat of punishment. Slave labour was distinguished by its low productivity. Technical improvement was exceedingly slow under conditions of slavery. The tremendous structures built with slave labour were erected by means of the muscular effort of colossal armies of slaves who worked with the simplest kind of tools. The slave-owner had no reason to try to lighten the labour of the slaves.

What is the limit of exploitation under slavery? Under slavery not only the tools and instruments of labour belong to the slave-owner, but the labourer himself. The slave is the property of his master. The slave-owner feeds and maintains his slaves because the death of a slave is a loss to him, decreases his wealth. So long as the exchange of products was undeveloped, every slave-owner made his slaves produce only the things needed within his own estate. The life of the ruling classes under slavery was characterised by an insensate luxury and waste. But however great the luxury, there were limits to slave labour, as beyond a certain definite amount excess products could not be utilised. Under slavery the growth of wealth is circumscribed within comparatively narrow limits. This

is what caused the dearth of technical development under the system of slavery.

Together with class dominance the *state* comes into being as an apparatus of coercion, compelling the majority of society to work for the exploiting minority. In the slave-owning society of old the state was confined in a narrower frame than it is at the present time. Means of communication were still little developed, mountains and seas presented obstacles which were difficult to surmount. Various forms of the state - the monarchy, the republic, etc. - were already present under slavery. Nevertheless, whatever the form of the state was, it still remained an organ of the dominance of the slave-owners. Slaves in general were not regarded as members of society.

Slave-owning society, particularly in ancient Greece and ancient Rome, reached a high level of scientific and artistic development. However, it was a culture erected on the bones of countless masses of slaves.

During periods of frequent wars the number of people who were made slaves often grew tremendously. The lives of the slaves were extremely cheap and the exploiters made their conditions of life altogether intolerable. The history of slavery is one of bloody struggle between the exploiters and the exploited. Uprisings of slaves against their masters were suppressed with merciless cruelty.

Slave revolts shook slave-owning society to its very foundations, particularly in the last period of its existence. Having conquered a series of countries in the most remote corners of the world as it was then known to the Romans, the Roman Empire had attained to enormous power, when it began to totter more and more under the stress of the contradictions that were rending the whole fabric of the society of that time. Especially famous is the slave rebellion which broke out in Rome about two thousand years ago under the leadership of Spartacus, who mobilised a huge army against the regime of the slave-owners. The revolts of the slaves could not bring victory to the exploited, could not put an end to exploitation in general. The slaves were not in a position to set themselves a clearly perceived goal. They could not create a strong organization to lead their struggle. Frequently the slaves were mere pawns in the hands of the various factions of the ruling class who were fighting among themselves. Nevertheless, the civil war and the slaves' revolts dealt a severe blow to the slave-owning order of society and prepared the soil for its destruction.

However, in place of slavery a new form of the exploitation of man by man appeared. This form, which prevailed during the Middle Ages, was *feudalism*, the last stage of whose development was *serfdom*. Feudalism underwent a comparatively long process of development. Under feudalism the tremendous mass of the peasantry was exploited by a small group of feudal barons. The barons took into their own hands the supreme power over the land worked by the peasants. For the right of working the land, the peasants had to submit to a host of feudal services for their lords. So long as natural economy prevailed, *i.e.*, production for direct use and not for exchange, feudal exploitation was circumscribed by comparatively narrow limits. The feudal lords took a certain amount of the agricultural products from the peasants for their own use. The greater part of these products were used up by the lord and his armed guard, and only a small portion went in exchange for arms, some overseas goods, etc. The development of exchange, however, led to a gradual increase in the appetites of the feudal lords. Now they not only squeezed from the peasant the tribute that went for the use of the lord and his menials, but the amount of tribute exacted for purposes of exchange for other goods continually grew. As the exchange of goods developed, the possibilities for increased exploitation of the peasantry by the feudal lord became greater. The growth of exchange destroyed the old patriarchal relations between the feudal lord and the peasants dependent upon him and led to the rise of serfdom.

Serfdom represents a form of the severest kind of exploitation of the peasantry by the landlords. Under serfdom the basic means of production - the land - is in the hands of the landlords. The landlords appropriate the land which has been tilled by a number of generations of peasants. But they are not content with this. Taking advantage of the powers of the state which is also in their hands, the landlords turn the previously free peasants into their serfs. The peasants are attached to the land and become practically the property of the landlord.

Trying in every way to augment their income, the landlords increase the exploitation of their serfs. Exchange is already fairly well developed at the time of serfdom. Overseas trade takes on considerable proportions. Merchants furnish the serf-owning land lords with all kinds of overseas goods. Money becomes more and more important. In order to get more money the serf-owner squeezes more and more labour out of

his peasants. He takes away land from the peasants, limits their allotments, and, in place of these, sets up his own fields upon which he makes these same peasants work. *Corvée* service is introduced: the peasant must work the lord's field for three to four days a week and can work his own allotment only on the other days. In other cases the serf-owning landlords appropriate ever increasing parts of the harvest from the peasants' fields by the system of making the peasants pay *quit-rent*.

The exploitation of the serfs evoked the bitterest struggles of the peasants against their landlords. The history of every country shows a great number of peasant rebellions. There were peasant uprisings in many countries during the period of serfdom (in Germany, France, England, Russia). Some of these uprisings lasted for decades. For tens of years these countries were in the throes of civil war. The uprisings were suppressed mercilessly by the landlords and their governments. This struggle of the peasants against the landlords was utilised by the rising bourgeoisie in order to hasten the fall of serfdom and to substitute capitalist exploitation for serf exploitation.

Here is what Stalin says about the substitution of one social form for another:

"The revolution of the slaves liquidated slavery and abolished the slave form of exploitation of the toilers. In its place it introduced the feudal rulers and the serf form of exploitation of the toilers. One set of exploiters took the place of another set of exploiters. Under slavery the 'law' permitted the slave-owner to kill his slaves. Under the serf system the 'law' permitted the serf-owner 'only' to sell his serfs.

"The revolution of the serf peasants liquidated the serf-owners and abolished the serf form of exploitation. But in place of these it introduced the capitalists and landlords, the capitalist and landlord form of exploitation of the toilers. One set of exploiters took the place of another set of exploiters. Under the serf system the 'law' permitted the sale of serfs. Under the capitalist system the 'law' permits the toilers 'only' to be doomed to unemployment and poverty, to ruin and death from starvation.

"It was only our Soviet revolution, only our October Revolution that put the question, not of substituting one set of exploiters for another, not of substituting one form of exploitation for another - but of eradicating all exploitation, of eradicating all and every

kind of exploiter, all and every kind of rich man and oppressor, old and new." See Stalin, *Leninism, -Speech delivered at the First All-Union Congress of Collective Farm Shock Workers,*" p. 457.

We have already seen that exchange originated in the very ancient times of human history. Together with the first steps in the division of labour in society, the foundation was laid for the rise of exchange. At first exchange took place only between neighbouring communities; each exchanged its excess products for those of the other. However, having originated at the border between communities, exchange soon exerted a destructive influence upon relations within the community. Money appeared. At first those products which were the principal objects of exchange served as money. Thus in many cases when exchange took place with cattle-raising clans or tribes, cattle served as money. The wealth of a tribe - and after the appearance of private property, the wealth of an individual - was measured by the number of head of cattle owned.

Natural production, however, prevailed for a long time after the rise of exchange. The production of goods not intended for exchange is called *natural production*. On the other hand, the production of goods for sale on the market, for exchange, is called *commodity production*.

It is natural production which prevails during slavery and feudalism. Pre-capitalist forms of exploitation arise and develop on the basis of the prevalence of natural production. Only the gradual development of exchange undermines the foundations of these forms of society. Here is what Engels says about this stage of development:

"We all know that in the early stages of society products were used by the producers themselves and that these producers were organized spontaneously in more or less communistic communities; that the exchange of surplus products with outsiders, which is the prelude to the transformation of products into commodities, is of later date, at first occurring only between individual communities belonging to different tribes, but later coming into effect also within the community and materially helping to break them up into larger or smaller family groups. But even after this breaking up, the heads of families conducting exchange remained working peasants producing almost everything necessary to satisfy all their demands within their own economy with the help of the members of the family and obtaining only an insignificant part of objects of necessity from outside in exchange for surplus

products of their own. The family is not only occupied in agriculture and cattle-raising, it also works up the product from these into articles ready for use; in places it still grinds flour with the hand mill, it bakes bread, spins, dyes, weaves linen and wool, tans leather, erects and repairs wooden houses, makes tools and instruments of labour, often does carpentry and forge work, so that the family or family group is, in the main, self-sufficient.

*"The few things such a family has to obtain by exchange or purchase from others consisted, even as late as the beginning of the nineteenth century in Germany, mainly of the products of artisans, i.e., of such things as the peasant is not at all incapable of preparing himself but which he did not produce himself only because either the raw material was not accessible to him or because the purchased article was much better or very much cheaper." See Engels, *On Capital*, pp. 102-3.*

Thus natural production prevails not only under slavery and in the Middle Ages, but also under new conditions. Commodity production is by no means prevalent at the inception of capitalism. Only the development of capitalism strikes a mortal blow at natural production. Only under capitalism does commodity production, production for sale, become the decisive, the predominant form of production.

Within pre-capitalist society, commodity production develops to an ever greater extent together with an increase in the division of labour. Of particular significance is the separation of handicraftsmanship from agriculture. Whereas the peasant agriculturist conducts his husbandry mainly as natural production, the same cannot be said of the artisan. Handicraftsmanship is, from the very beginning, clearly of a commodity-producing character. The artisan producing a pair of boots or a set of harness, a plough or horseshoes, clay or wooden vessels, works from the very start for the market, for sale. But unlike commodity production under capitalism, the artisan works with instruments of labour which are his own. As a rule he applies only his own labour power. Only later, with the development of cities, does the artisan begin to hire apprentices and journeymen. Finally, the artisan usually works upon local raw material and sells his commodities in the local market. When things are produced for sale on the market but without wage labour we have *simple commodity production* as distinguished from capitalist commodity production.

"Previous to capitalist production," says Engels, "that is to say, in the Middle Ages, small-scale production was general, on the basis of the private ownership by the workers of their means of production: the agricultural industry of the small peasant, freeman or serf, and the handicraft industry of the towns. The instruments of labour - land, agricultural implements, the workshop and tools - were the instruments of labour of individuals, intended only for individual use, and therefore necessarily puny, dwarfish, restricted." Engels, *Herr Eugen Dühring's Revolution in Science*, p. 295.

Wherein lies the difference between simple commodity production and capitalism? The artisan, handicraftsman, small-scale farmer own their tools, raw material and means of production. They work by themselves, producing their goods with the aid of these means of production. Under capitalism it is different. There the plants and factories belong to the capitalist and in them work hired labourers who do not have their own means of production. Simple commodity production always precedes capitalism. The capitalist system could not arise without simple commodity production. The latter prepares the way for capitalism.

In its turn the development of simple commodity production inevitably leads to capitalism. Small-scale commodity production gives birth to capital.

One of the misinterpretations of Marxism is the attempt to deny the existence of simple commodity production as the historical precursor of capitalism. The political significance of this distortion of Marxism is clear. The fact of the matter is that even in the period of the prevalence of capitalism throughout the world many remnants of the former system still remain, a great number of the elements of simple commodity production, many millions of small peasants, artisans and handicraftsmen. These masses of petty commodity producers, independent in appearance, but in reality groaning under the unbearable yoke of capitalism, constitute a reserve from which the proletariat draws its allies in the struggle for the socialist revolution. The distortion of the role and significance of simple commodity production forms a basis for the negation of the role of the basic mass of the peasantry as an ally of the proletarian revolution. This distortion lies at the basis of the counter-revolutionary theory of Trotskyism.

The attempt to separate simple commodity production from capitalism by a sort of Chinese Wall is a no less crude distortion of Marxist-Leninist theory. Lenin

constantly stressed the fact that small-scale commodity production daily, hourly, gives birth to capitalism. The negation of this principle leads, for instance, under conditions prevailing in the U.S.S.R., to views like those held by the Right opportunists who advocated the perpetuation of small-scale production in the village, leads to a lack of understanding of the necessity of the socialist transformation of the village on the principles of large-scale social production.

Capitalism originated within the feudal-serf system. The oldest forms of capital are commercial and usurer capital. The merchant played an ever more important role as exchange developed within the old natural economy. The merchant capitalist furnished the serf-owning landlords with all kinds of luxuries, making much profit thereby. Part of the tribute which the landlord squeezed out of his serfs thus found its way into the pockets of the merchant - the representative of commercial capital. With the development of commerce, usury also flourished. Great lords - landlords, kings, governments - needed increasing sums of money. The mad luxury and waste, the endless wars devoured tremendous sums of money. Thus the basis arose for the activities of moneylenders. Lending money to the feudal lords at exorbitant interest, the usurer grabbed a large share of the tribute squeezed out of the labour of the serfs.

Commercial and usurer capital taking firm root in the life of feudal society unflinchingly undermined and broke down the foundations of this society. With the growth of commerce the exploitation of the serfs by the landlords grew continually stronger. The excessive exploitation undermined the foundations of serfdom - peasant economy. It was impoverished, the peasants became paupers leading a hungry existence, incapable of giving a large income to the landlord. At the same time usurer capital grasped the feudal estate in its tentacles, squeezing the life out of it. The decay of serfdom prepared the way for the rise of capitalist production.

Commercial capital at first engaged only in trade. Commerce was carried on with the products furnished by artisans and serfs as well as with products imported from distant countries. With the growth of commerce, however, these sources of products became inadequate. Small-scale handicraft production could supply only a limited mass of commodities, sufficient merely for the local market. When commerce began to operate in more distant markets the necessity arose for extending production.

But only capital could secure such an extension of production. Small-scale commodity production was powerless here; its possibilities were narrowly circumscribed. A transition then took place from small-scale to capitalist production, which destroyed the pre-capitalist forms of exploitation only to substitute for them the last form of exploitation of man by man - capitalist exploitation.

Here is how Lenin describes this transition from small-scale production to capitalism:

"Under the old conditions almost all the wealth was produced by small masters who represented the overwhelming majority of the population. The population lived stationary lives in villages and produced the greater part of their products either for their own use or for a small market consisting of the surrounding villages which had little connection with neighbouring markets. These same small masters worked for the landlords who compelled them to produce products mainly for their (the landlords') own use. The home-made materials were given to be made up into articles to artisans who also lived in the villages or else travelled about the neighbourhood taking work to do.

"Since the emancipation of the serfs', however, the conditions of life of the mass of the people have undergone a complete change: big factories have arisen to take the place of the small artisans' workshops and the number of these factories has grown with remarkable rapidity; they have squeezed out the small masters and transformed them into wage workers, they have compelled hundreds and thousands of workers to work together and produce enormous quantities of goods which are sold over the whole of Russia." (Lenin, Selected Works, Vol. I, "Draft and Explanation of the Programme of the Social-Democratic Party," pp. 471-72, Moscow, 1934).

"The place of small production everywhere is taken by large-scale production, and in the latter the masses of workers are simply hired labourers who work for wages for the capitalist, who owns large amounts of capital, builds large workshops, buys large quantities of raw materials and who puts into his own pocket the profit obtained from the mass production carried on by the combined workers. Production becomes capitalist production which ruthlessly crushes all the small masters, breaks up their stationary life in the villages and compels them to wander from one part of the country to another as mere labourers, to sell their labour power to

the capitalist. A continuously increasing part of the population becomes completely divorced from the country and from agriculture, and collects in the towns and factory and industrial villages and there forms a special class which owns no property, a class of proletarians who live only by selling their labour power." (Ibid., p. 473.)

Review Questions

1. How did people live before the appearance of class society?
2. How did classes originate?
3. What are the basic historical forms of class exploitation?
4. What are the relations between the exploiters and the exploited under the system of slavery?
5. What are the relations between the exploiters and the exploited under the system of serfdom?
6. What is the distinguishing feature of capitalist exploitation?
7. How does exchange arise and develop?
8. Why does small-scale commodity production give rise to capitalism?