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Capitalist formation in European Countries (A Synopsis)

Aim of this paper

The aim of this paper is to understand capitalist formation in Europe from the late 18th century to 1914. In layman's terms, it is an attempt to understand how European countries became rich and subsequently powerful enough to be dominating global affairs. Britain, France, Germany would become colonial powers. Tsarist Russia had always been an expansionist state and Anglo Russian rivalry would shape the course of history. As historians we need to understand that to sustain political expansion, capital (read money) is required and therefore the source of that money needs to be investigated.

The answer to this has been studied under different heads by scholars

- (a) study of economic resources a country is blessed with -such as coal and iron ore fields, mineral wealth etc.
- (b) how these countries underwent the process of industrialization,
- (c) the introduction of railways, leading to greater social political and economic unity.
- (d) unification of markets and strangle hold over foreign markets to sustain industrial growth.

Marxist historians are also interested in the manner in which national wealth thus generated filtered down to the common man. They asserted that a mere growth in the wealth of nations was not a commendable achievement in itself *unless* it led to a proper distribution of wealth among its population. They studied cases where people of different walks of lives would lead different lives due to economic reasons-while the rich lived in prosperity and had long healthy lives, poor people died young due to improper healthcare and lack of nutrition. Child labour received particular attention from these scholars.

Feminist historians have argued that this period is also the time when the wage earning capacity of men and women began to grow. To work in a factory one needed a certain amount of skill and training and as machines became complex wages between skilled and unskilled workers. Women whose primary role in society was to become mothers and housewives invested less and less money on their own education and training. It resulted in women failing to enter the labour

markets as doctors, engineers, bankers and other highly skilled professions. Women when forced to earn their livelihood were primarily engaged in “sweat shops”. Even today we use the term “blue collared workers” and “white collared workers”.

Marxist historians asserted that to become skilled one needed money-eg. To learn how to drive a car, one needs money to join a training institute and then pay for a driver’s license. A person who does not have the requisite money cannot become a driver and is hence pushed outside the capitalist labour force. Marxist historians have thus studied the social and economic consequences of this capitalist growth.

Why these 4 countries are chosen as case studies.

England is studied because it was the first country to industrialize because it had a shortage of manpower and natural resources. It is to be remembered that Napoleon had famously derided England as a “nation of shopkeepers” and ironically it was British trade and commerce which helped them to fight the Continental system. Moreover upon inquiry historians puzzled over the rate of capital formation in England prior to the ‘industrial revolution’ in England. It was presumed that a country undergoing industrialization needed huge accumulation of capital but scholars who studied the capital formation found that England did not have such massive rates of capital formation prior to the industrial Revolution. This was solved by M.M. Postan’s thesis that English tools and industrial machines were rather simple which could be acquired by friends and family pooling together their modest capitals. It was due to the entrepreneurial spirit of modest capitalists which is said to have ushered in the Industrial system in England.

(b) France-had a large population, fertile land and resources compared to Britain and therefore there was no need to replace cheap human labour with machines. Therefore in France, industrial production simply continued with a more elaborate and extensive cottage system (discuss later) to manufacture industrial goods and therefore the French path to industrial revolution was more gradual than the English model causing less social upheavals.

(c) German industrial growth was preceded by a unification of the markets-the *Zollverein* in 1866. Its take off period was relatively long but it did give German capitalists a stable domestic markets. It is said to have helped the unification of Germany in 1871.

(d) Russian Industrialization is seen as ‘leapfrogging’ the whole process of industrialization. Marxists historians have insisted that Russia did not go through the first stage of industrial growth at all under Tsarist Russia and it was predominantly French capitalists who invested in Russia. It is claimed that Russia under the Soviets caught up with the other industrial nations of Europe in the second stage.