

Socio-economic factors leading to the emergence of modern capitalism in the West.

George G Clark, May 2002

There is nothing absolute or inevitable about modern capitalist modes of production. They emerged from a particular cultural context in Europe, flourished for a while on the global stage and may soon fade away. Max Weber (1864-1920) famously reckoned that the conditions for the growth of modern capitalism included the following¹:

The **separation of the productive enterprise from the household** which, prior to the development of industrial capitalism, was much more advanced in the West than it ever became elsewhere.

In China extended kinship units provided the major forms of economic co-operation, thus limiting the influence both of the guilds and of individual entrepreneurial activity

The **development of the Western city**. In post-medieval Europe, urban communities reached a high level of political autonomy, thus setting off 'bourgeois' society from agrarian feudalism.

In the Eastern civilisations, partly because of the influence of kinship connections that cut across the urban-rural differentiation, cities remained more embedded in the local agrarian economy

The existence, in Europe, of an **inherited tradition of Roman Law**, providing a more integrated and developed rationalisation of juridical practice than came into being elsewhere.

The Juridical system was one factor making possible the **development of the nation-state**, administered by full time bureaucratic officials, beyond anything achieved in the Eastern civilizations. The rational-legal system of the Western state was in some degree adapted within business organisations themselves, as well as providing an overall framework for the co-ordination of the capitalist economy.

The **development of double-entry book-keeping** in Europe. In Weber's view, this was a phenomenon of major importance in opening the way for the regularising of capitalistic enterprise

That series of changes which ... prepared the way for a **'free' mass of wage-labourers**, whose livelihoods depends on the sale of labour-power in the market. This presupposes the prior erosion of the monopolies over the disposal of labour which existed in the form of feudal obligations (and were maximised in the east in the form of the caste system)

In the 1980s capitalism triumphed over communism. In the 1990s it triumphed over democracy and the market economy. For those of us who grew up believing that capitalism is the foundation of democracy and market freedom, it has been a rude awakening to realize that under capitalism, democracy is for sale to the highest bidder and the market economy is centrally planned by global megacorporations larger than most states.
(David C. Korten, *The Post-Corporate World*, 1999)

The smart way to keep people passive and obedient is to strictly limit the spectrum of acceptable opinion, but allow very lively debate within that spectrum — even encourage the more critical and dissident views. That gives people the sense that there's free thinking going on, while all the time the presuppositions of the system are being reinforced by the limits put on the range of the debate.
(Noam Chomsky, quote from www.thirdworldtraveler.com)

¹ Weber, Max (1930, 1991) *The Protestant Ethic and the Spirit of Capitalism*; (Translated by Talcott Parson, Introduction by Anthony Giddens); Harper Collins Academic ISBN 0 00 302070 3