

THE BIRTH OF AUSTRALIA: NON-CAPITALIST SOCIAL RELATIONS IN A CAPITALIST MODE OF PRODUCTION?

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In the final chapter of *Capital: Volume 1*, Karl Marx discusses E.G. Wakefield's insights into the colony in the Swan River district in Western Australia and pokes fun at the 'unhappy Mr Peel' (1976: 933). Despite Thomas Peel's foresight to bring 'means of subsistence and production to the amount of £50,000', along with 300 working class persons, he failed to arrange for 'the export of English relations of production' to the isolated district (*ibid.*)¹. In the years that followed the colony's establishment in 1829, it approached collapse. Unable to generate capital and extract surplus labour, by the early 1840s colonists were petitioning for the first 'free' colony of Australia to introduce convict transportation². It was ultimately through the introduction of unfree labour to Swan River in 1850 that capitalist social relations were able to advance, and almost 10,000 convicts were relocated to the location by 1868, when transportation ceased (Battye, 1924: 197).

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1 Thomas Peel was an English born early settler of the Swan River District, which was close to the location of what is now Fremantle, Western Australia. Peel, along with a financial backer Solomon Levey, established the colony as an investment. The first free colony did not initially have convict labour and, while supported by way of a large grant of land, was not financially supported by the British State. The colony approached collapse soon after it was established, with widespread financial, health and infrastructure problems. A detailed biography of Peel is available at the Australian Dictionary of Biography; <http://adb.anu.edu.au/biography/dunhill-sir-thomas-peel-6046>.

2 Transportation of convicts to Australia commenced in 1788 and ended in 1868, when the final convicts arrived at Swan River. By this time approximately 160,000 convicts had been transported to the colonies (See Willis, 2005: 175).

A question that emerges from the story of Swan River, and from the early years of the other Australian colonies further east, is whether a land lacking virtually any ‘doubly free’ labour should be considered part of the capitalist mode of production. Marx notes double freedom was *the* necessary condition for labour-power to become commodified in order that surplus value could be extracted: a person is free to sell their labour-power (in that they are no longer bonded to another as under feudalism or slavery), but also free from the ability to subsist (lacking control of the means of production) (Marx, 1976: 272-73). Legal ownership over the means of production (the natural world, land and materials) and the separation of those from labour mean that capitalism is not only a technical or material process in which social classes are constituted but an irreducibly social one (Clarke, 1991: 68). Along with the organisation of work, which disciplines the classes, these relations ensure accumulation is realised. In this way, Marx analyses the rise of capitalism as a political act and it is necessary, therefore, to ‘insist on the *political* nature of those social relationships which are commonly “termed economic” relations’ (Barker, 1997: 26).

This article argues that, despite the early Australian colonies encompassing the extensive use of unfree convict labour and a virtual absence of wage-labour, the ‘English relations of production’ (definitively capitalist relations) were present from the start. That is, the colonies were, during the first few decades after 1788, part of the British capitalist mode of production. The colonies were not pre-capitalist because they were largely a gaol and penal state, as some have argued, but were capitalist because that goal served an important social purpose for British capitalism. Further, this article argues that the failure of the colonies to trade within the world market is not itself sufficient to argue that another mode of production, non-capitalist or pre-capitalist, was in place. In these circumstances the imperial and colonial states instituted new social relations that, as a result of class formation and struggle at the global and local level, became *more fully* capitalist over time. Efforts to have capitalist exploitation predominate over other forms of extraction of unpaid surplus-labour, via the commodification of land and labour, were ultimately successful. This article uses the important contribution of Jairus Banaji (1977, 2010) on the origins of capitalism and free and unfree labour, in order to illuminate these questions. Colin Barker’s (1991, 1997) contribution to Marxist debates on the nature of the

capitalist state assists in placing the colonies within the context of the capitalist system of states.

The Significance of Being Capitalist

Before examining the question of the mode of production in the early colonies, it is helpful to situate these issues in contemporary context. More than two centuries on from the arrival of the first convicts, why should this question of whether the Australian colonies were ‘born capitalist’ remain relevant to Marxists—academics and agitators alike?

It is partly because of parallels in modern political economic debates. For example, many argue that neoliberalism in recent decades has involved the penetration of capitalist social relations into areas of social life or geographic regions where it was previously absent, through the increasing commodification or marketisation of social existence. Klein argues, for example, that efforts of those in the Global Justice Movement were attempting to ‘draw a line around the commons’ and that ‘the unifying threat [to the movement] is privatisation - the loss of the commons’ (Klein 2001: 83; 85). The task therefore, is to beat back those social relations through a variety of ways that fall short of completely transforming capitalism. Klein also calls for state action and a devolution of economic decision making to local communities in the face of climate change (2011) and David Harvey argues that resistance to capitalism has seen ‘[s]paces [open] up within which something radically different in terms of dominant social relations, ways of life, productive capacities, and mental conceptions of the world can flourish’ (2010: 250). While Harvey is focused on what he calls ‘the marginal zones of capitalism’ (*ibid.*), others such as David Graeber argue that the lives of contemporary Americans also exist outside the logic of capitalism to a significant extent:

It’s not like everything we do corresponds to a logic of capitalism. There are those who’ve argued that only 30–40% of what we do is subsumed under the logic of capitalism. Communism already exists in our intimate relations with each other on a million different levels, so it’s a question of gradually expanding that and ultimately destroying the power of capital... (quoted in Wolfe, 2012).

While such conceptualisations are not new, they hold significant sway in contemporary social movements such as Occupy and *alter-globalisation*.

The nature of commodification, and by implication what we understand to be the social relations of capitalism, remains contested. This article takes the view that commodification and the capital relation are not synonymous, and that Klein's commons and Graeber's pre-figurative spaces are not outside the logic of capital. Markets can be underdeveloped (*e.g.* the early Australian colonies) or even marginal (*e.g.* Stalinist Russia), but the capital relation can still dominate everything. It is not the case that there is a quantitative split between areas of society that are capitalist and those that are non-capitalist, as even our most personal social relationships and activities are dominated by the capital relation (Hennessy, 2000). Thus, while neoliberalism represents a spreading and deepening of market logic and commodification, it does not represent, via these processes, the greater subordination of society to the capital relation. Nor will an 'end' to neoliberalism, or a winding back, automatically mean relief from the pressure of the capital relation on human activity. In this context of confusion in contemporary debates about the nature of the capitalist mode of production, the question of how capitalism took hold in various locations and at various times continues to find relevance where it can illuminate the nature of capitalist social relations.

This question is particularly important in a specifically Marxist critique of the political economy of Australian capitalism because of the radically different colonial pattern of capitalist development compared with that of Britain's - the latter having been the 'ideal model' used by Marx to develop his analysis of the inner workings of the capitalist mode of production in *Capital*. As such, the debate in the literature has concerned itself with dating *when* Australia became 'capitalist', with various points in the 1800s usually nominated (Butlin, 1994: 109; Dunn, 1975: 33; Fitzpatrick, 1971; Maddison, 2006: 115-16). Some authors have deduced an absence of capitalism or market society in the early colonial period on the basis of a lack of markets, the pervasiveness of unfree labour and the apparent lack of capitalist class control over the state (Dunn, 1975). Such a conclusion, that Australia was not always capitalist, appears attributable to three interlinked assumptions: an emphasis on the existence of markets in understanding the capitalist mode of production; the separation of the economic, political and ideological elements of capitalism; and, the

reification of national borders. This article questions each of these assumptions.

Other authors argue, similarly to this article, that capitalism *was* in operation during those first decades (Clark, 1975: 77; Connell and Irving, 1980; Rowley, 1972). However, for these authors who agree that the colonies were ‘always’ capitalist, there are uncomfortable tensions in their position. In an effort to emphasise the capitalist nature of early production there is reduced distinction between early forms of petty commodity production and later developed pastoralism (Connell and Irving, 1980: 77).

David Clark argues that efforts ‘to describe [the] early years as “communism” or “a slave society” are nonsensical’ (1975: 52) and that:

The NSW colony was established as a goal offshoot of Britain; it is no surprise that it quickly began to develop similar institutional arrangements. Right from the earliest days capitalist forms of development were inevitable (*ibid.*).

I note that ‘inevitable’ is not synonymous with being in place since 1788. Further, there is a problematic certainty to his position, which stands at odds with the struggle of various social forces, well into the 1800s, to resist commodification (Wells, 1989: 12-42). Clark’s positing of the commodification of land and labour as uncontested processes is neither true in the general sense (Maddison, 2006: 115), nor in the case of the early colonies (*ibid.*, 135). Put another way, commodification has been resisted historically in each location capitalism has emerged, as it was also resisted as capitalism solidified in Australia.

Connell and Irving (1980) agree that Australia was capitalist from the start, but problematically explain this by the immediate forms of property and exploitation. They describe these as capitalist when in fact these did not take a clearly capitalist form - in the sense that this would be understood in a developed capitalist economy like that of Britain. By focusing too narrowly on the organisation of production itself, they effectively explain capitalism as an economic relation rather than also an irreducibly social one. They are unable to satisfactorily square the dominance of non ‘doubly free’ labour with the capitalist nature of Australian society. That is, they do not conceive of the British-colonial society as a unitary capitalist mode of production in which non-capitalist

(unfree) exploitation is the predominant form of immediate surplus extraction in the penal settlements.

Kelvin Rowley comes closest to the position argued in this article, and states that the colonies were ‘always’ capitalist. Yet he maintains a possible distinction between those first years and the first few decades at least:

There was no period in Australian history that can be designated as pre-capitalist, unless it was in the very early years in which the settlement was nothing but an isolated prison farm in which convicts performed bond labour under the direction of their military overseers, money barely existed, and food was distributed by rationing. But this was no more than England’s goal, inhabited by those who had not yet learnt to respect the laws of private property in capitalist society, and no more pre-capitalist than Pentridge today. As soon as a non-goal sector of the economy developed, it did so along capitalist lines, and soon adopted already established democratic institutions (1972: 12)³.

In order to address these difficulties and disagreements, it is worth reflecting on Marx’s contribution as to the specificity of social relations in any given location. Additionally, the frameworks employed by Jairus Banaji and Colin Barker offer an alternate way to understand these early years when the colonies ‘contained no capitalists, no free labourers, and no peasants’ (Buckley and Wheelwright, 1988: 1).

Capitalist Mode of Production

In general terms capitalism is a system of social relations, which grew out of, and became dominant over, previous modes of production. The capitalist mode of production occurred first in the Netherlands, England and France, where in those contexts it emerged from feudalism, then elsewhere through varying processes. While markets and exchange are often cited as a sufficient definition of capitalism, and indeed these are central to the circulation of capital, exchange of goods has taken place in almost every society. Any definition must, therefore, concentrate on what is particular to the capitalist mode of production and how it came in to

3 Pentridge was a Melbourne gaol, still operating at the time Rowley’s article was written.

being through a concrete historical process (Heller, 2011: 2). Marx argues in *Capital* Volume 3:

The specific economic form, in which unpaid surplus-labour is pumped out of direct producers determines the relationship of domination and servitude, as this grows directly out of production itself and reacts back upon it in turn as a determinant. On this is based the entire configuration of the economic community arising from the actual relations of production, and hence also its specific political form. It is in each case the direct relationship of the owners of the conditions of production to the immediate producers – a relationship whose particular form naturally corresponds always to a certain level of development of the type and manner of labour, and hence to its social productive power – in which we find the innermost secret, the hidden basis of the entire social edifice, and hence also the political form of the relationship of sovereignty and dependence, in short, the specific form of the state in each case. This does not prevent the same economic basis – the same in its major conditions – from displaying endless variations of innumerable different empirical circumstances, natural conditions, racial relations, historical influences acting outside, etc., and these can only be understood by analysing these empirically given conditions (Marx 1991: 927-28).

Even among Marxists, or perhaps especially so, a definition of capitalism is not easily arrived at and often controversial. A widespread and popular explanation, attributed to Robert Brenner⁴, Ellen Meiksins Wood and others, is that:

capitalism is a system in which both appropriators and producers are subject to certain imperatives – the capitalist imperatives of competition, profit-maximisation and accumulation – because they are market-dependent. Appropriators no longer have access to what Marx called ‘extra-economic’ powers of appropriation,

4 Robert Brenner (1943-) has been an important and central voice in debates regarding the transition from feudalism to capitalism, and has argued that the role of agricultural production, in particular in England, was key to this transition in Europe. For an overview of Brenner’s analysis, and critiques of it, see: T H Aston and C H E Philpin, *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, Cambridge: Cambridge University Press, 1987.

while direct producers have been separated from non-market access to their conditions of subsistence and, in particular, the means of production. Without these fundamental conditions, no amount of trade will produce capitalism' (Wood 2007: 145).

This view has the apparent advantage of defining capitalism by its inner laws of motion, unencumbered by the 'political and legal superstructure' which arises from the productive base of society, and which produces distortions and amendments to these. At one level this fits well with Marx's theoretical elaboration of capitalist social relations, set out in volumes I and III of *Capital*. That is, capital abstracts from historically contingent social phenomena that bear resemblance to capitalist relations but in fact lack specifically capitalist content. However, such an approach can tend to detach the development of the historically specific set of capitalist social relations from the concrete social forces that allowed them to be created and enforced.

Thus, the very act of clearing the way for the progressive separation of workers from their means of subsistence and their subordination to market imperatives does not occur automatically through market compulsion but requires the conscious intervention of state power to make it so (Clarke 1991: 78-79). Similarly, for appropriators to be in a position to extract a surplus through predominantly economic (and not extra-economic or 'political') means requires the use of extra-economic power, often coercively applied (*ibid.*, 12-13).

As distinct from this approach, capitalism is better understood as a totality of social relations of production that have economic, political and ideological aspects. Marx and Engels rarely wrote explicitly of 'economic, political and ideological' relations because they recognised these as simply moments in unitary social relations of production, relations not confined to the immediate process of production but permeating all of society. Modern usage of such a distinction between different, 'autonomous' social levels can be traced to the work of Louis Althusser in *For Marx* (2005) and *Reading Capital* (Althusser and Balibar 2009). By way of contrast, Marx argues in *Wage Labour and Capital* that '[t]he relations of production in their totality constitute what is called the social relations, society, and, moreover, a society at a definite stage of historical development' (1993). In keeping with this, Simon Clarke points out (in his critique of the Althusserian school) that:

...the social relations of production appear in specific economic, political and ideological forms, and their determination as moments of the 'relations of production in their totality' can only be through their historical subsumption under the dominant relation of production in the development of the contradiction on which that relation is based, the analysis of which can establish concretely both the forms of domination of social relations by the capital relation and the specific limits of that domination (1980: 19-20).

Therefore, while there must be some separation of these three moments analytically, for Marx the social relations of a given mode of production are always part of a unitary process.

While doubly free labour and market relations are elemental parts of capitalism as a social system, they don't need to exist within a particular surplus-producing activity for that activity (in that spatial and/or temporal location) to be part of the capitalist mode of production. As Jairus Banaji argues 'if, say, the accumulation of capital, that is, *capitalist* relations of production, can be based on forms of exploitation that are *precapitalist*, then clearly there is not one ostensibly unique configuration of capital but a series of *distinct configurations*, forms of the accumulation process, implying other combinations' (2010: 9). In this way, the question of how particular individuals are specifically exploited is distinct from the mode of production considered in its totality.

Marx puts it another way in the *Grundrisse* (1973). There he argues that merely looking at the immediately observable features of any society in isolation can be misleading because it does not tell you what dynamics drive the society as a whole. Thus, he argues, landed property relations cannot be considered synonymous with feudalism just because in a feudal society they are the dominant form of property relations. Rather, one must analyse various social relations in the context of the dominant social relations of that mode of production. That is, one must start from the totality in order to understand its constituent parts:

In all forms of society there is one specific kind of production which predominates over the rest, whose relations thus assign rank and influence to the others. It is a general illumination which bathes all the other colours and modifies their particularity. It is a particular ether which determines the specific gravity of every being which has materialised within it (*ibid.*, 106-07).

Capitalist social relations also presuppose a world market, and in turn presuppose the *political* organisation of that market in a system of nation states (Barker 1991: 182). Marx writes that the expansion of absolute surplus value within the sphere of production, that is, the accumulation of capital, requires a concomitant widening of the sphere of circulation, eventually reaching a global scale:

Hence, just as capital has the tendency on one side to create ever more surplus labour, so it has the complementary tendency to create more points of exchange. ... The tendency to create the *world market* is directly given in the concept of capital itself. Every limit appears as a barrier to be overcome (*op. cit.*, 407-08).

This tendency implies a qualitative transformation in the nature of commerce between individual producers, the formation of a complex web of social relations of production and exchange that is more than the sum of its parts. Put another way, '*Commerce* no longer appears here as a function taking place between independent productions for the exchange of their excess, but rather as an essentially all-embracing presupposition and moment of production itself' (*ibid.*, 407).

If the world market is the social totality produced by the capital relation, it remains one that is always divided internally. That division, characteristic of the capitalist mode of production, produces specific internal and external relations for each unit of capital. As Colin Barker explains:

Capital, according to Marx, can only exist as many capitals; through the interaction between the many capitals the principles of capital-in-general are realised. A single universal capital is a contradiction in terms. It is thus characteristic of capitalism that it develops through competition, which competition is the source and expression of the anarchy of capitalist production. Hence, Marx argued, the social relations of capital have a dual form: anarchy and despotism. Between the many capitals there is anarchy; within each capital, despotism. Each relation, anarchy and despotism, is the condition of the other (1991: 184-85).

Understanding where the state fits relative to these internal and external social relations again relies on understanding that, as Banaji clarifies, what Marx called 'social relations of production' extend well beyond

property relations and relations of exploitation found in any immediate productive process under study (Banaji, 1977). Thus, Barker argues:

Now if the capital relation has this form, and if the state is an aspect of the capital relation, we might expect to find in the state form elements of this dual determination. As we do. The nation-state, capitalism's state form, is itself *both* a structure of despotism vis-à-vis its 'subjects' *and* a structure of competition vis-à-vis its rivals. Its very form expresses the fact that the capitalist state is not something above and separate from the relations of capitalist production, but is itself directly part of those relations. Being anything but a state of the 'whole bourgeoisie', each nation-state is never more than a state of *some* capital(s), of a *segment* of the whole bourgeoisie. Moreover, to insist on the partial, national character of the capitalist state-form is not merely a matter of adding on another 'factor' to the discussion of the state. The dual determination of the state is a permanent presence in all aspects of state policy and activity (*op. cit.*, 185).

The specific social relations that constitute the capitalist state must, therefore, be part of the wider social relations of the capitalist mode of production.

The Australian Mode of Production

Analysis of the political economy of early Australian colonial society must start by seeing the transposition of social relations from Britain not just in terms of forms of direct exploitative relationships, but in the transposition of wider social relations contained within the configurations of a distinctly *British* penal state. Because that specific national state was part of a wider web of social relations within a distinctly capitalist mode of production, the transposition of some of its functions to a penal colony can be understood with reference to the historically-contingent internal and external relations of the British state at the time. Following from this, colonial Australia's capitalist nature at birth could lay the ground for the deepening and widening of local capital accumulation, *i.e.* the colonies becoming more *fully* capitalist in every way over time. But such transformations could also be resisted, because immediate forms of property and exploitative relationships were

unlike those that dominated the British capitalist mode of production in its totality and so could act as a barrier to capitalist development.

While capitalism had not reached all corners of the globe in 1788, it had reached the Australian continent through the imposition of the penal colonial state as an arm of the British capitalist mode of production. The British state possessed the distinctive features of capitalist, and not pre-capitalist, states in its forms of private property and class relations. The colonial state from the first imposed governmental, legal, and juridical systems that reflected certain origins in the British capitalist state, even if it did not reproduce the particularity of the British state *per se* (Connell and Irving, 1980: 32). One reason this can be difficult to grasp is that the extreme geographical separation between Britain and the colonies can create the appearance of separate social systems. Yet, for example, had the British state set up a penal colony in an unsettled part of Northern Scotland, cutting it off from the rest of the country, no one would claim it was not part of the capitalist mode of production even if it had minimal trade with the outside world. It is only by understanding the ‘tyranny of distance’ as secondary to the expansion of British society understood as a totality that the colonial society’s nature can be clarified.

Similarly, as discussed above, being part of the capitalist mode of production doesn’t automatically mean that a colony would ultimately have to impose doubly free labour. It is generally accepted by historians that economic gain was not primary in the decision to establish the colonies in Australia. Miles details that the key motivation was the need to establish a penal settlement for ideological reasons, with international military considerations an important but secondary factor (1987: 95). With the end of the American War of Independence, and the inability to send convicts to that region, NSW was chosen from a number of options. Commercial factors were a ‘casual afterthought’ (*ibid.*)⁵, although this shifted quickly with ongoing changes to social relations (Gibbs 2001: 60) and production techniques in Britain (Wells 1989: 4). Transportation to Australia was, therefore, always a distinctly capitalist process. Those sent

5 In *No Paradise for Workers*, Ken Buckley and Ted Wheelwright note ‘Australian historians have speculated on the relative importance of ... strategic and commercial considerations’ in establishing the NSW colony. They state such discussion was inconclusive, and confirm that the primary motivation of London was the construction of Botany Bay as a gaol (Buckley and Wheelwright: 33-34). For a contrary view, see Clark, 1975: 47-71.

were often serving sentences for stealing food and other personal use commodities; 70% of the Irish and 59% of the British were first time offenders and the most common offence was petty theft (Nicholas and Shergold, 1988). Within the process of primitive accumulation, such objects were denied to the growing ranks of labour by means of new British private property relations and the separation of workers from the means of subsistence.

While convict labour predominated, indentured labour (from India, China and the South Pacific in the later part of the nineteenth century) became important on sugar cane plantations and farms in Queensland. There was also a limited incorporation of the Indigenous population into the labour pool in 'frontier and pastoral areas' via deception, force and coercion, and as convicts (Miles, 1987: 111, 16)⁶. In the early decades convict labour was used to construct colonial state capital works, significantly under Governor Macquarie, and engaged by the higher ranked military and elites. However, by the 1820s, the cost to the colonial state of convict subsistence was being criticised locally and in Britain and increased access to convict labour by private producers was championed (Wells, 1989: 14). Reports presented by Earl Bathurst, Secretary of State at the Colonial Office, in 1822 and 1823, recommended that employment on public works be decreased and as many convicts as possible allocated within the 'assignment system' to private individuals, especially those with large sheep stocks (Miles, 1987: 97). This process also saw, over time, the transfer of responsibility for subsistence of the convicts to private hands. This was in effect 'a compromise between the penal objectives and the advancement of private commercial interests' (*ibid.*: 98).

Outside of the assignment system Miles notes that convicts were subject to four other forms of labour (*ibid.*). Firstly, convicts could be selected

6 State policy regarding Indigenous people varied over time and location as subjugation spread across the country as a result of the alienation of land and the introduction of private property arrangements. The occupation of traditional lands involved the 'protection' of new settlers and squatters via the 'dispersal' of Indigenous people. Where there was the ability to resist these changes it was met with physical removal and fatalities, via the decisive action of the military, private citizens and police forces (the later formed in part for this specific purpose). New diseases also caused a significant number of deaths, and at times Indigenous people were incorporated into labour forces via both direct physical coercion and the force of necessity (Buckley and Wheelwright, 1975: 34).

for the ticket-of-leave system whereby they were no longer compelled to labour as a convict but were able to establish commercial activity or seek to sell their labour power (although they were not allowed to own land and had their movement restricted). Those who owned property or originated from the dominant class were automatically eligible for this system. Secondly, a convict could serve their sentence and revert to being a free person. Thirdly, convicts could be pardoned and then work under similar restraints to the ticket-of-leave holders (although after 1823 they were denied eligibility for land grants as a mechanism to force them on to the emergent labour market). And finally, although this was more limited, convicts could engage in waged labour once their daily period of compulsory labour had been performed. This work was conducted at rates set by the Governor's decree or government regulation.

The fact that the colonies could, or had to, play a greater economic role to both subsist and provide a source of raw materials for British capitalist expansion meant that the conscious development of doubly free labour was a necessary part of their efficient incorporation into circuits of accumulation that traversed the British-Australian geographic divide. As McMichael notes, '[t]he formation of the settler state, then, is the process of establishing new boundaries of the capitalist world market' where the 'social origins of the settler state comprise the simultaneous process of geographic expansion of European capitalism and consolidation of these new regions as part of an enlarged world market' (1980: 311).

An additional problem of insisting the early colonies were not capitalist is the reification of nation-state borders as if they are a physical barrier to circuits and movement of capital. As McMichael argues:

Development studies ordinarily take as their unit of analysis the nation-state, even when emphasising the international context. Although there is a political reality to such analysis, it provides only a partial understanding of the source of change within a particular state. Market relations do not begin and end at geopolitical boundaries, nor do movements of capital and labor. States certainly *secure* these economic exchanges, but they remain part of the broader historical setting that results from the international character of capital and its market. In fact, states exist in a structured interrelation because their European antecedents have, through rivalry, organised an (uneven) world market.... With this proposition in mind [we can understand] that

the development of colonial Australia was also the process of development of the world-capitalist economy (1984: xi).

Once production beyond subsistence became significant, from the early 1830s, Australian production was woven into the world market (although this was also the case earlier, via importation of goods). Wells reports that ‘by 1826 some 400,000 pounds of wool were exported, a relatively insignificant amount compared with 2,000,000 pounds in 1835’ (1989: 18). The circuit of accumulation traversed the borders of the colonies in a variety of ways, including in the period prior to the predominance of doubly free labour. As Figure 1 shows, in 1828 almost half the white population were still convicts – let alone the proportion of adult men. This was, however, a situation that changed rapidly over the next two decades.

Figure 1: Composition Of Australian White Population 1828-1851

	Convicts	Emancipists	Currency (Colonial Born)	Free Immigrants
1828	15,668 (43%)	7,530 (20%)	8,727 (24%)	4,673 (13%)
1841	26,453 (23%)	18,257 (16%)	26,657 (24%)	43,621 (37%)
1851	2,693 (1.5%)	26,629 (14%)	81,391 (43%)	76,530 (41%)

Source: Ward 1958: 15

Accumulation was initially largely dependent on British finance, and trade of particular commodities to overseas markets was significant both for the local economy and the development of industrial Britain. It was not simply that Britain required certain commodities, but that rapidly expanding accumulation in Britain required the extraction of un-free surplus labour in the colonial world. Moreover, to try to understand the circuit of capital as inside single nation states would be to deny the flow of capital between Britain and Australia – and to forget that capitalism presupposes an international system.

More Fully Capitalist

Banaji (2010: 351-53) suggests that it is crucial to ask not whether slavery (or by implication its second cousin convict labour, Buckley and Wheelwright 1988: 1) is capitalist in the technical sense, but how slavery might be capitalist when capitalism is the dominant mode of production.

As Abigail Bakan similarly argues of sugar plantations and slavery in Jamaica:

...slave plantations developed at a point in history when identifiably capitalist relations were becoming dominant in Britain. [...] Slave labour ... was capital producing, not primarily because it yielded tremendous profits when conditions were favourable, but fundamentally because of the interrelation of plantation production with capitalist relations abroad. The slaves were not wage labourers, but without the existence of the wage labour/capital social relation, slave labour could not have been capital-producing labour. Were it not for the general contribution of wage labour to the expansion of capitalist production, slavery would not have been part of the capitalist mode of production in the historical, epochal sense of the term (1987: 85).

Convict labour, and other forms of unfree labour in Australia, were similarly capital producing. Some of the surplus provided by convicts, and others forced to labour for military officials and private citizens, became part of international circuits of capital.

Yet, as Bakan reminds us, profitable production exploiting unfree labour means the ‘continuous potential for expansion, especially in light of increasing competition on the world market’ (*ibid.*: 86-87). She identifies three elements as necessary to ensure the continued profitability of unfree labour, and – applied in relation to the Australian colonies – they would be: 1) a steady supply of new convicts, 2) the supply of new land to producers, and 3) high demand for products produced by convict labour (*ibid.*: 87). To guarantee, therefore, that the colonies became more *fully* capitalist, the British and colonial states had to promote the ascendancy of free labour over unfree labour and ensure that land was commodified. Both of these were key developments and drivers throughout the nineteenth century.

Whilst this commodification was a contested process, it was far easier in the colonies than in places where slavery was ‘for life’. While incorrectly arguing there was a ‘slave mode of production’ in Australia, Dunn usefully notes that the convict system:

constantly released labourers from its grip to become wage-labourers, no matter what the number of convicts transported.

This in itself made the repetition of production as *slave* production on an expanded scale impossible (1975: 36).

Over time land was increasingly placed in private hands, an effective primitive accumulation process (Buckley, 1975)⁷. Throughout the 1820s and 1830s the influence of British politician Edward Gibbon Wakefield and the ‘systematic colonisers’ (Marx, 1976: 934-35) was particularly important. The imperial outlook shifted in favour of free trade liberalism where ‘local feelings were judged reliable’, in order to meet the needs of British industry (Marx, 1976: 934; Wells, 1989: 31). Wakefield (1829) penned *A Letter From Sydney*, which promised prosperity to the colony if it abolished ‘slavery’ and was granted responsible government. It also detailed his view on how a systematic approach to colonisation could engineer a capitalist social order.

‘Land’, Wakefield argued, should ‘be sold at a price sufficient to exclude labour from immediate ownership, but cheap enough to encourage capitalists’ (Gascoigne, 2002: 62-66). Moreover, he argued the proceeds of private land disposal could see the deployment of those funds to assist the emigration of labourers and young couples to the colony in order to deal with the labour shortage. In this way the commodification of land could in turn drive the growth in commodified labour power available to colonial capital.

A range of social forces resisted commodification in this period, during which there was a deliberate effort to impose more fully bourgeois relations (Wells, 1989). While the need for expanded production for local and British purposes necessitated the imposition of markets for land and labour, more *fully* capitalist relations were not in the interests of groups such as squatters and gold miners who mounted significant challenges (*ibid.*). While the intervention of the British and colonial states was directed at deepening capitalist social relations over the first century of ‘settlement’, it was not until almost a hundred years after the First Fleet landed that wage labour became predominant over other forms of labour—mirrored by the decline of squatting and leasehold access to pastoral and farming tracts.

7 This was a long and complex process, where the British state and certain colonial interests pressed for land to be subject to private property relations. The most thorough overview of these processes can be found in Wells, 1989.

Conclusion

The colonies, as argued earlier, were capitalist from the start because they were part of British capitalism and the world market through the web of social relations comprising the penal state and imposed by it. Colonial unfree labour has to be understood within that context, and against appreciations that posit ‘a slave mode of production wherever slave-labour is used or ruling out capitalism if “free” labour is absent’ (Miles, 1987: 98). This was a context of increasingly predominant ‘doubly free’ labour in England, and the development of ‘uneven political and economic relations’ between both the colonies and Britain and within the colonies themselves (Banaji, 2010: 4). The capitalist mode of production was thus in motion from the first landing at Port Botany.

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