

## **Wealth as the foundation to the dynamical processes of social formations**

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The purpose of this discussion is to identify the dynamic center of any social formation, provided that such a center exists. My attempt will be to work at a proto-cultural level, defining elements of culture that do not possess cultural content. Or more directly, I shall consider a number of tools that any social structure must employ in the constitution of itself. In the process, I hope to show, parenthetically, that my colleague, Doug White is entirely wrong to locate that center among merchants in urban areas. Unfortunately, he seem eager to agree with me, thereby blunting my vicious attack.

Indeed, it was largely by accident that I have developed several tools for the study of social organization that contain no cultural content. They are discoveries that provide considerable power to social analysis.

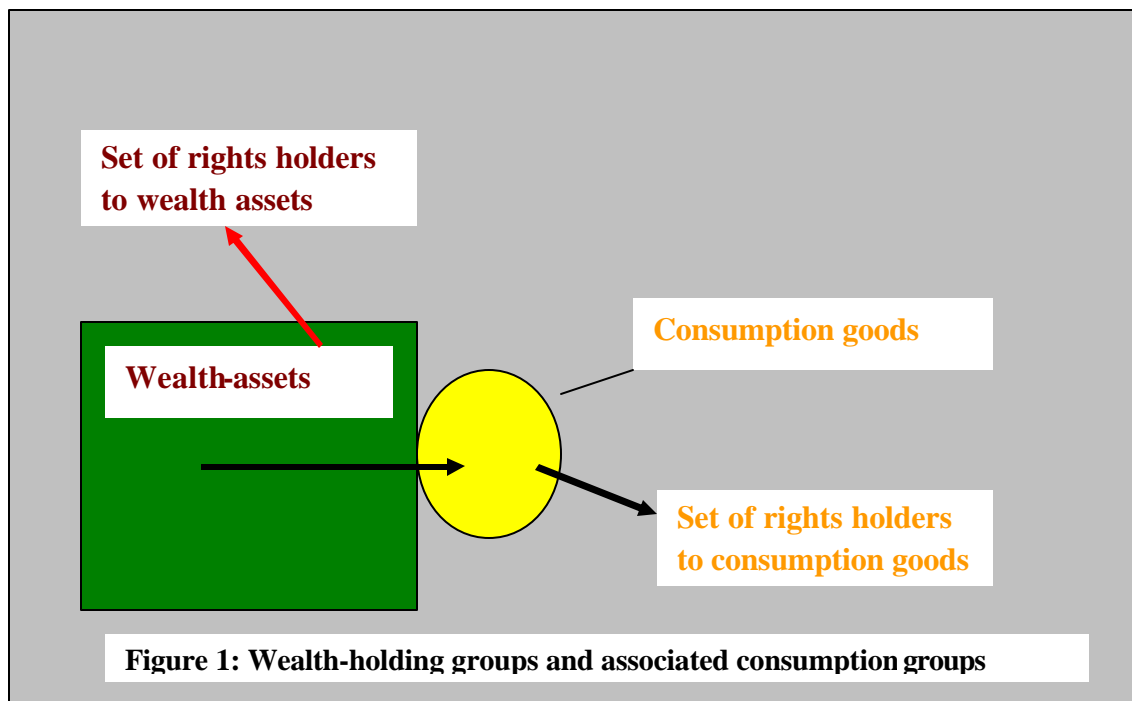
- ? If we first develop a characterization of wealth-assets, distinguishing them from the alternative -- consumption goods or consumer durables (tools).
- ? Implicit in the social manifestation of these two forms of resource are two non-empty sets of individuals who hold *rights* to those resources, wealth-holding groups and consumption groups.

Before continuing with the general characterization, let's take an example:

In a stock-based society, such as African cattle holding society, cattle are a wealth-asset and rights to these cattle are held by men as defined by a prevailing system of inheritance. We can say that rights to cattle are shared by an increasingly numerous set of agnatic kin as the herd devolves across generations. This set is normally called a patrilineage. And we will call this set of individuals a wealth-holding group (WHG). The herd generates a flow of consumption goods for

members of associated consumption groups, “households.” These households contain women and perhaps others who have no rights to the herd, itself, and who are not, therefore members of the wealth-holding groups.

The proto-cultural character of this analysis can be demonstrated by its use in the study of social organization among non-human mammals. In Bell (2003) this is done for wolves and two categories of baboon.



What we see is that if wealth-assets can be distinguished from consumption goods, we can then define basic elements of social organization – sets of individuals who hold rights to those resources. (See Figure 1, above.) This proposition calls for a proto-cultural conceptualization of rightful claims:

**Definition:** A *right* to an action or resource exists to the extent that categories of individuals are protected and supported in the event that they desire to perform the action or acquire the resource.

The set of rights-holders to wealth-assets results *conceptually* from the chains of devolutions that produce (multi-generational) groups will include the yet unborn whose

membership is axiomatically determined by socially recognized rules of inheritance. In other words, a WHG in non-capitalist systems constitute a *virtual* collectivity, for which the now-living are only representative and most of its members exist only in our anticipation. In order to have the necessary proto-cultural characteristics we shall define corporate groups in a very special way:

Definition: A *corporate group* is the set of individuals who jointly hold rights to a given set of wealth-assets or consumption goods and services.

The payoff of this analytical scheme arises when we characterize wealth. It is here that we find the dynamics of social formations. Our characterization of wealth will apply with full force to any post-capitalist forms of wealth, if indeed any such wealth-assets ever arise, as well as to capital and non-capital forms of wealth.

The first, and dynamically most significant, criterion is the Growth Criterion:

- a) **The Growth Criterion:** A wealth-asset must have a capacity to grow in number, value, or size over an indefinite time horizon
  - ? to the benefit of a well-defined social entity (a WHG) that possesses rights to its accumulation over that horizon.
- b) **The Consumption Criterion:** A wealth-asset must generate a flow of consumption benefits
  - ? to the rightful benefit of an inter-temporally variable set of individuals (a consumption group).
- c) **The Marginal Value Criterion:** A wealth-asset must continue to be scarce (while continuing to grow) in the sense that marginal increases in its magnitude must have positive social valuation to the relevant social entity in the relevant time period.

Hence, in the simplest case a wealth-asset will satisfy the simple “auto-catalytic” growth formula :

$$dW(t)/dt = r W(t)$$

where  $r$  will be identified as the power index of the asset. However, the Marginal Value Criterion suggests the possibility that growth of the asset is limited by the availability of some factor,  $K$ , so that

$$dW(t)/dt = r W(t)[1 - W(t)/K]$$

where  $K$  may be replaced by  $K(t)$  if there is some endogenous process for its augmentation. Yet, it is useful to identify the rate of growth,  $r$ , of the wealth-asset *as the rate of growth that would take place under good management of the asset and under fortunate general conditions.*

The salient wealth-assets that one can identify today are: human fertility, the fertility of animal stock, land and capital. I can say without compromise that any future form of wealth that might arise in another form of society will satisfy the set of characteristics listed above. Moreover, this statement is not simply true by definition. Elsewhere (Bell 2003: 57-69), I examine a number of cases of resource transfers associated with marriage and demonstrate that no group exchanges wealth-assets for consumption goods, provided that wealth is identified by the above Criteria.

Secondly, we can argue that more powerful assets dominate less powerful assets in the sense that a WHG that holds the more powerful asset will prevail over others. I can demonstrate this readily for those who hold cattle (and daughters) relative to those without cattle. Clearly, the former will be in a position of extracting daughters from the latter, thereby augmenting the size of their group to the disadvantage of others.

The *power* of a wealth-holding group is a monotonic function of the rate of growth,  $r$ , of the wealth-asset whose devolution constitutes their basis of cohesion.

The power of one social system over another and of one category of person over another (eg. of males over females) will depend on the extent that one social formation or category of person can maintain rights to the more powerful form of wealth. This is a very dramatic finding.

I discovered this relation while studying bridewealth. I discovered that a necessary condition for cattle to be used as bridewealth is that the rate of growth of the herd exceeds the fertility rate of women. This is so, because otherwise the use of bridewealth reduces the growth of the herd below the rate of growth of the lineage that has rights to it, making that lineage progressively poorer in cattle/man over time. Indeed, if human fertility is greater than the fertility rate of cattle, then the economic logic of the situation would be for people to obtain cattle by

delivering daughters, rather than using cattle to obtain wives. It follows that a patrilineal organization, created by the devolution of a growing herd to the growing agnatic group, cannot exist over an indefinite time horizon unless the fertility rate of cattle exceeds human fertility. You can see, then, why I refer to the rate of growth,  $r$ , as the power index of a wealth-asset.

Clearly, human fertility and the fertility of other animals may satisfy the three criteria that characterize wealth-assets; and each can suffer superabundance relative to the supporting environment (violating the MVC). But let's look at land. Land, like industrial machinery, has no "natural" fertility. And while all wealth-assets can evince their character as wealth only so long as they are properly managed, land introduces special problems. Although the amount of land on the earth does not change noticeably, the amount in the hands of certain groups can certainly increase, to the disadvantage of others. However, the management of land as a wealth-asset requires the emergence of a state as the organizing force, taking the place of lineage organizations that reign in the case of fertility.

In agrarian regimes, such as traditional China, India and feudal Europe, the basis of power and the underlying dynamic of the social formations was land and fertility. There are often urban areas within agrarian structures, but those areas are only supporting structures at best and parasitic at worse. The "pump" as Doug would call it lies in the rural areas.

The need for more land is not directly associated with the growth of the peasant population, because when they are available in excess numbers, they are allowed to experience greater mortality. Hence, there is no reason to assume necessarily that the level of production will suffer from "diminishing returns" because of a diminished land/peasant ratio, as we find in Turchin (2003). The problem arises with the elite, whose growth in number is readily facilitated by their rights to the flow of consumption goods. If there is no growth of the arable (and of the peasant population), the growth of the elite and the growth of its share of aggregate consumption will make the system non-sustainable. Their increasing share leads to a reduction in total production as the peasant population declines, leading to yet larger shares to the elite, and the

system crashes. Indeed, a growing percentage of person of elite lineage who lack suitable economic support seem inevitable. And it is from among the disaffected elite that one must fear an attack on an existing dynasty.

In feudal Europe, it was a major section of the landed aristocracy that rebelled against the organizers of the system – the clergy of the Roman church. It should not be surprising that the post-Papal European states began a scramble to extend the arable to the New World, a scramble that the Papacy attempted to control through its lackeys in Spain and Portugal. The Church's feudalism was insufficiently expansive in land and inhibited commerce by forcing upon the elite a manorial system that provided few tradable surpluses. The Papacy had other designs for the system, designs that died with the Crusades.

China's experience was more fortunate in the long run, although the crises created by elite consumption periodically overran the product of a too-slowly expanding arable. But, at least, after a collapse and redistribution of land to direct producers, thereby reducing elite consumption, the system could grow again in both population and arable. On at least one occasion, the Imperial dynasty was overrun by beggars, twice by invading nomads and several times by internal elites. At no time, however, was the basic mission of the state challenged. At no time was Chinese culture threatened by the culture of its conquerors. This is so, because there was always land that could be taken by the Han Chinese from the non-Han tribes to the south – a process of village formation and irrigation development that was always carefully planned from the center.

Middle Eastern regimes were less fortunate than the Chinese. Surrounded always by desert and limited to the water of few rivers, the arable could not benefit from significant expansion. The only real solution was warfare, but this would be impossible in the later stages of elite growth with its declining per capita surplus, when a need to expand the arable was most pressing. At least, this is my hypothesis.

In any case, the problem with agrarian systems flows from a difficulty in expanding the arable in the face of rapidly expanding elites. For this reason I say that land is most commonly a

weak form of wealth. Yes, it may satisfy the Growth Criterion, but not very easily, and only by a series of recurrent collapses and regenerations.

The importance of capital as a dynamic force is readily evident; and for the last 200 years capitalism has been a state-managed system of accumulation that strains against limits imposed by a finite market for product, rather than by the limited availability of land. This is a revolutionary achievement. All other forms of wealth die against the shortage of land – land for people, land to graze animals, land for agriculture. Joseph Schumpeter was quite concerned about the life of capitalism and its presumed need for significant innovation as a factor in frustrating the MVC. Perhaps, limits to capital will arise, providing space of something else. Who knows?