

# On the Dynamism of Imperialism and the Fettering of Social Development

By Raymond Lotta\*

A question often raised by those familiar with the theses of *America in Decline* is this: how can one reconcile the stress *America in Decline* lays on the dynamism of imperialism with the Marxist-Leninist orientation that imperialism is a drag on the development of the productive forces? Is the work arguing that imperialism is a force for progress in the Third World? \* And this raises a related question. Is the crisis gripping the imperialist world economy today fundamentally a product of a system that simply stands opposed to the development of the productive forces (either in the metropolises or colonies)? Or is there perhaps some connection between the sustained and dynamic expansion of the thirty years following the end of World War 2—an expansion which not only took hold in significant parts of the Third World but which was also profoundly conditioned by the transformations effected there by imperialist penetration—and the ferocity of this crisis? It is the latter view that is upheld in *America in Decline*, and this view has occasioned con-

siderable controversy in some circles.

To appreciate the dimensions of what we are dealing with, consider a few revealing statistics. In 1975, the advanced countries accounted for 91.5% of world manufacturing value added. Gross domestic product per capita in these countries was \$2671; in the Third World this figure stood at \$266.<sup>1</sup> About 40% of the population of the Third World live in a state of absolute poverty, that is, 800 million people endure a condition of life characterised by malnutrition, illiteracy, and disease.<sup>2</sup> At the time this article is being written, a terrible famine is ravaging Africa (it has been estimated that the average African has 20% less food today than he or she did twenty years ago). But other trends can be observed as well. Between 1960 and 1976, exports of manufactures rose from 19.5% of total Third World exports (excluding fuels) to 45.1%—a dramatic change in the composition of trade.<sup>3</sup> Brazil is the eighth largest steel producer in the U.S.-led bloc; the largest textile factory in the world is located in Egypt; in South Korea, gross domestic investment has grown so rapidly since 1960 that industry now represents a larger share of gross domestic product than it does in the U.S. economy.<sup>4</sup> The postwar boom, which witnessed substantial increases in fixed capital investment, productivity, and purchasing power in the advanced countries, also saw rapid growth in not a few Third World countries, as well as a shift away from the traditional international division of labour in some of them. Great changes have

taken place in many parts of the Third World; and yet superexploitation and plunder, far from abating, have intensified. The horror of crisis has never been greater than it is in the Third World today.

This article will tackle some of the more contentious issues raised by these phenomena. The discussion will range over three interrelated topics: the Leninist versus stagnationist views of imperialism; some important trends of Third World development over the postwar period; and, finally, the treatment of the concept of “fettering” in Marx and Marxist literature. What is at stake here is an understanding of *development through contradiction and fettered development*.

## Baran and the Surplus Extraction Thesis

I want to begin by examining certain aspects of what is arguably the most influential attempt to theorise, from a stagnationist viewpoint, the effects of imperialism on the oppressed nations: Paul Baran's *The Political Economy of Growth*<sup>5</sup>. In that work, Baran sought to identify the mechanisms stimulating or retarding growth in the underdeveloped countries. Growth in both the advanced and dependent countries depends, he argued, on the magnitude and disposition of an economic surplus. This surplus is defined as a volume of output, specifically the difference between current net output and current consumption. The portion of total output which does not enter into consumption becomes available for investment, and so the surplus of society is equal to net investment

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\*I use the term Third World because it has become widely accepted as a kind of shorthand for the peoples and countries of Asia, Africa and Latin America. Its use here has no connection with the use of this term by the revisionist rulers of China and their notorious “Three Worlds Theory.”

plus any capital inflows to the country in question (or net investment minus capital outflows). Now in the imperialist epoch, according to Baran, monopoly tends to slow down or impede investment—both in individual countries and on a world scale. Why? Because capital faces neither the same compulsion to invest (given the dwindling number of competitors and the prerogatives of size) nor the same inducement to invest (given a growing shortfall in demand resulting from the restricted consumption of the broad masses). Monopoly capital must find the means, therefore, to absorb a rising surplus (although not rising as fast as it would under classically competitive conditions). This problem is dealt with increasingly by recourse to wasteful and unproductive activities, notably sales and promotional expenditure and government spending.

Using these analytical tools, Baran presents an explanation for underdevelopment. The low level of investment within the oppressed countries and their relative backwardness result, on the one hand, from the systematic siphoning of surplus by the advanced countries and, on the other, from the chronically depressed state of demand linked with backward subsistence agriculture and cheap wage labour in the oppressed countries. Foreign capital is hostile to the development of the productive forces. It has a stake in the existing structure of cheap labour and export-oriented production, which are reinforced through alliances imperialism forges with landlord and comprador classes (who themselves are wasteful consumers of surplus). Any fledgling industry that might arise will be swamped in competition by the larger and more efficient firms of the advanced countries. The circle is thus closed: capitalism in the era of monopoly no longer maximises reinvestible surplus; and it drains surplus from the underdeveloped countries—a surplus which might otherwise be available for productive investment there.

Baran's work contains important insights. He correctly emphasised that the oppressed nations are not

simply re-enacting the preliminary stage of capitalist development of Europe but are subject to historically specific conditions which shape their economic structures. But, fundamentally, he failed to identify the dynamics of "development" and "underdevelopment" in the imperialist era. Where Lenin saw monopoly and competition as a unity of opposites, leading to the intensification of all of capital's antagonisms, Baran perceived the suppression of competition. Where Lenin held out the possibility that the export of capital could speed up development in the colonies, Baran saw the constriction of growth potential.<sup>6</sup> Not that Baran and his followers were unmindful of the growth that followed World War 2. But clinging to a certain conceptual schema, they could only offer eclectic and partial explanations for it (some of which will be discussed later). In many ways, Baran's concept of economic surplus (and its later incarnations in the work of Andre Gunder Frank) crystallises important methodological difficulties with much of the "dependency theory" rooted in Baran's work. Let us examine it more closely.<sup>7</sup>

The more influential "dependency" thinkers posit a world economy whose defining characteristic is its division (predating imperialism) into metropolises and satellites (or into a core and periphery) and whose motor is the transfer of surplus from the latter to the former. The result is development at one pole and underdevelopment at the other—"the development of underdevelopment." Baran's model is expressed in the different trajectories of India and Japan. At the time the British were installing themselves on the subcontinent, India was producing textiles which were cheaper and unquestionably superior to anything the Europeans were capable of. After the British gained sovereignty over the country, they reorganised the land tenure and land tax system to force the Indians to pay the costs of warfare and to subsidise ongoing occupation; agriculture was redirected toward raw cotton and opium production. Not only did col-

onial tribute exact a heavy burden, but as the industrial revolution accelerated, English machine-made textiles invaded the Indian market and wiped out the bulk of the handicraft industry. Japan, on the other hand, was spared this kind of external control and pillage. It eventually underwent industrialisation and modernisation. Baran implies that India (and other colonised countries) could very well have followed the same course, or at least would have fared better, had colonialism not intruded.

India was integrated into the world capitalist economy at gunpoint. The revenues obtained (which far exceeded what the British pumped in by the mid-19th century) and the pattern of trade imposed on it were linchpins of the British empire and the world economy it dominated. (India was England's "crown jewel.") The impact on traditional crafts and peasant agriculture was devastating. The rape of India is one of the great crimes of British capitalism. To suggest, however, as Baran does, that an India left to its own devices would have experienced more rapid (and balanced) growth is at best a metaphysical supposition. Marxists do not analyse social development that way. The principal issue here is not the speculative one of "what might have happened" but the theoretical one of the validity of the "surplus extraction thesis" as an explanation for underdevelopment. Central to this thesis is the notion that economic development is preeminently a technical process that depends on a given magnitude of surplus; if some of that surplus is lost, there will be a commensurate decline in growth. Hence the argument that foreign capital takes from the existing pool of surplus of the oppressed countries what it requires for its own accumulation needs, without releasing in these countries any corresponding expansion of the productive forces. Walter Rodney weaves these threads together in his documentary history of the European penetration of Africa: "... previous African development was blunted, halted, and turned back. In place of that interruption and blockade nothing of compensatory

value was introduced.”<sup>8</sup>

There are a number of problems with this sort of approach to political economy. First, while it is true that a surplus product presents itself as a sum of use values (or output), in actuality that surplus is the materialisation of surplus labour performed under specific production and social relations. Not only is it impossible to divorce growth from these relations, but its character and tempo depend critically upon them. To return to the original proposition: it is not necessarily the case that societies in the Third World were poised for an industrial “take-off” or could have made the leap to self-determining expanded reproduction simply because a surplus was present. The question is *how that surplus is generated and how it is used*, and this is a function of the existing development of the productive forces and, most particularly, the ensemble of production relations. It is the specific relations of capitalist production, compelling the revolutionisation of the productive forces as a matter of internal necessity, that make capitalism the most dynamic mode of exploitative production in world history.

Second, the process of surplus extraction must also be seen in the context of production relations. During and in the wake of the great voyages and expansion of trade routes of the late 15th and 16th centuries, incredible amounts of precious metals, luxury goods and raw materials were drained from the non-European world. *America in Decline* emphasises how the transmission of these riches nurtured the early shoots of capitalism in Europe. But surplus product was not primarily increased through the development of productive forces in the subjugated countries. Mercantile wealth grew chiefly through the extension of the global network of trade and manipulation of the terms of trade to European advantage, through alliances with local classes which relied on ever more intense squeezing of direct producers, and through conquest, looting, and plunder. The ruinous effects all this had on the subject societies were not the result of surplus extraction as such but of the *raison d'être* of merchant

capital, that is, how it extracted surplus and what it did with it. The point is that merchant capital at home was not founded on the capitalist mode of production and its logic of increasing output by means of raising productive efficiency. Merchant capital was largely indifferent to the modes with which it interacted, and even where it implanted new productive forms, particularly in the New World, these served the needs of mercantile activity.

### Imperialism and Precapitalist Modes of Production

As the capitalist mode of production consolidated itself and developed, the interactions between the advanced and oppressed countries came to be shaped by the requirements of capitalist commodity production. By the late 18th and early 19th centuries, industrial capital was aggressively seeking foreign outlets (in addition to areas of raw material supply) for the products of its burgeoning industries, and the uneven development of some, like textiles, greatly heightened the need for export markets. The forcible opening of the China market to foreign manufactures in the middle of the 19th century signaled the internationalisation of the circuit of commodity capital. The international flow of commodities and the requirements of the major capitalist centres were impacting throughout the world, at the level of the household, kin group, community, region, and class. Mao underscored the transformative effects of capitalist penetration into China. The last quarter of the 19th century was a transitional period that contained elements of the prehistory of imperialism and yet was a prelude to the modern era: the French were looting parts of West Africa, Germany's breakneck growth from a backward position unleashed a major drive for colonies and foreign markets, and the British were exporting increasing sums of capital.

By the turn of the 20th century, the internationalisation of the production and social relations of capital established a new and qualitatively higher unity of the

world economy. Accumulation proceeds on the basis of what we have called a global complex of reproduction. The export of capital is the leading edge of the search for profitability and the formation of productive norms. The advanced countries' penetration, integration, and subordination of the colonial (and neocolonial) countries takes on a deep systemic character. The dependent economies are not merely producing use values that serve the production needs of external economies. They are surrounded and permeated by imperialist accumulation, and its requirements and expansionary prospects chiefly determine the forms of linkage and combination with specific modes of production in these countries and the character and pace of their conservation or dissolution. None of the present-day capitalist powers in their infancy faced the sort of competition, unequal specialisation, or concentration of political and military power that local capitalism in the Third World does today; yet, the existence of imperialist financial and capital markets makes possible faster rates of growth (if more lurching and devastatingly disruptive)—in some of these countries and under certain circumstances—than were attainable in the incubatory period of western capitalism. It is principally through the process of internationalised accumulation that capitalism is spreading its roots throughout the contemporary world.

*America in Decline* devotes considerable attention to showing why the relationship between the oppressor and oppressed nations constitutes a basic fault line of the imperialist world economy. The higher returns yielded by investments in the Third World, and the socioeconomic changes within it, interact profoundly with the imperialist economies and social formations. These multiple and complex linkages play a crucial role in the profitable reproduction of imperialist capital. But is this to be conceptualised as a stimulus for the advanced countries and a retarding force in the oppressed countries? Are we dealing with a logic of advance in the metropolises and a retrograde logic in

the Third World, vis-a-vis the development of the productive forces? I think not. In both cases, what is involved is a dynamic of expansion and crisis—which, it must be stressed, can only be understood as a single world process—although with features peculiar to the two basic types of countries. These peculiarities, provisionally spelled out in *AID*, do not, however, override the inner compulsion of capital to transform the world in its image and to revolutionise the instruments of production. Here it ought to be pointed out that Lenin's views on the effects of capital exports to the oppressed countries have held up while Baran's have not.

Imperialism did not emerge out of thin air in the world but evolved on the basis of the interaction of the laws of capital (in their historical concreteness) in the advanced countries with other historical processes taking place elsewhere in the world. World capitalism confronts and must subsume pre-existing social and economic structures. On a world-historic scale, imperialism works in the direction of undermining and transforming precapitalist modes. This occurs through the force of competition or through the direct capitalisation of the factors of production, including labour power—the result of which is to accelerate the expulsion of self-sustaining peasant and handicrafts labour from the countryside. But imperialism does not simply and solely destroy precapitalist modes. It will also reinforce them and create certain hybrid forms, even while these forms are brought ever more under the sway of capitalism and increasingly penetrated by the capitalist mode of production. Why will imperialism adapt such modes to its needs, or even “refeudalise” social relations under certain circumstances?

Thus far in the history of capitalism, it has been more in line with the imperatives of capital, that is more cost-efficient—given the way the world is structured—to utilise such precapitalist forms. Closely related, the reproduction of cheap labour power in the Third World, an essential condition of imperialist superexploitation, often

depends on a symbiotic connection between capitalist and noncapitalist forms. For example, the costs of subsistence for migratory labourers engaged in commercial estate agriculture can be thrown back onto the peasant or tribal communities from which they come; at the same time, the payment of semiproletarian agricultural workers below the value of their labour power may also result in lower food costs to an urban proletariat. There is a political-strategic dimension as well. And it may work against the destruction of backward agrarian forms, even when that would enhance profitability. The alliances imperialism forges with domestic ruling classes react on the pace and scope of transformation. The creation of commercial plantations in Central America in the latter part of the 19th century spawned an oligarchy which remains a key prop of imperialist rule. (Landed aristocrats, tribal heads, and, historically, warlords have also served that function.) The aversion of sections of that oligarchy to the extension of capitalist relations into some spheres must be factored into the total equation by the imperialists, who rely heavily on it as a social base and military custodian. Finally, some of the social structures with which imperialism interacts are well-entrenched and not easily penetrated by capital, while land scarcity, topography, and crop characteristics might render existing patterns of land ownership and productive organisation more suitable to the rapid extraction of needed use values (for instance, some annual crops require minimal processing).

The kind of arrangements and alliances which have been described are not enduringly functional, either economically or politically, for imperialism. “Green Revolutions,” “White Revolutions,” or an “Alliance for Progress” have been called forth to overcome specific blockages to accumulation, as well as to cope with actual or potential upheaval, and by the objective necessity, which is not so commonly recognised, to broaden and deepen the base and level of surplus value production. The class and economic structures within particular coun-

tries pose certain political and economic contradictions for (imperialist) resolution. But imperialism's ability to transform, rationalise, and expand is profoundly connected to the overall profitability of capital on a world scale (including the international reserves it can muster) and to the international constellation of forces. Overall, imperialism has a conserving as well as dissolving effect on precapitalist relations. Given a massive redivision of the world, imperialism can substantially transform agrarian production relations. But it stimulates fuller capitalist development unevenly, within and among the economies of the oppressed nations, and *on the basis of subordination and distortion of these economies*.

Imperialism opposes the *overthrow* of feudalism and its social props (an act which would be a prerequisite for the rapid development of capitalism in agriculture), and it initiates transformations only where this is possible and profitable to the degree allowed by a specific international division of the world. But in any case, imperialism gradually penetrates the feudal mode of production and can, under more favourable international conditions, lead to situations in which the remnants of feudalism are just that—remnants. In an unpublished paper, Frank Shannon has offered a typology by which it becomes possible to differentiate most of the oppressed countries on the basis of the relative weight and influence of feudalism that exists today in the countryside.

First are those countries in which semi-feudal modes of production play an important role in the reproduction of the neocolonial social formation. These modes are far from vestigial in the world and they significantly fetter the development of the productive forces. Although in the period following World War 2 and, again, in the 1960s, imperialism made major inroads in penetrating the semi-feudal modes in many parts of the world, vast areas of the world remain semi-feudal in character. These areas with extensive or significant elements of semi-feudalism make up the first

category of countries. And they themselves form a continuum: ranging from some countries in Latin America, where imperialist-led capitalist production relations have penetrated deeply and altered much of the agrarian fabric yet where some significant semi-feudal production relations persist; through other countries in Latin America or countries like Iran, where feudalism cannot yet be considered "residual" in many important areas; to sections of India and other countries, where transformations have been even less extensive in many areas of the countryside (still inhabited by great numbers of people) and where the "lords" of semi-feudalism still hold considerable sway in large expanses. Even in this last group of countries, however, it would be wrong to view conditions as basically unchanged from the particular description of semi-feudalism in China made by Mao before World War 2. In general, capitalist aspects have implanted themselves more deeply and altered the socioeconomic framework in ways that require close scrutiny. Further, the rising proportion of urban dwellers in many of these countries—indeed, not a few cities in this category of countries are growing to a size for which there is no prior experience anywhere—cannot but modify the limiting effects exerted on imperialist (or national bourgeois) expansion by semi-feudal agrarian relations and the relationship between rural and urban revolutionary struggle. None of this has diminished in the least the fact that Mao's theory and practice of revolution in the colonial countries, specifically its two-stage character and the strategic dimension of protracted people's war, is the key and indispensable starting point for any serious attempt to analyse the tasks and path of revolution in these countries and remains the point of reference for elaborating revolutionary strategy and tactics in the oppressed countries in general.

A second general category in this schema comprises those countries that did not have a system of feudalism at the time of their subjugation by imperialism, or where feudal forms were not forcibly in-

serted from without (as happened in many Latin American countries). Many countries in Africa and Asia fit into this second category. Here, for the imperialists, the rural economy appears to be more difficult to tap as a source of surplus value in any great magnitude. Although nascent, capitalist-influenced class differentiation takes place, and although imperialism viciously squeezes what it can out of the countryside, its exploitative capabilities are limited by the relatively low level of development of the productive forces and the production relations in these countries. These countries have remained at the bottom of the imperialist calculus of where capital would flow, except in the case of critical minerals investments, and have lagged far behind the rest of the Third World. While their economic importance tends to be restricted to those raw material endowments that may be of use to imperialism, their strategic and geopolitical importance may be very great indeed. One can think of a country like Chad in this connection.

The third type of country is best typified by Argentina and Chile. There feudalism is not a major factor in the countryside, either for particular reasons of historical development before World War 2, as in the case of Argentina, or as a result of the combination of such historical factors with the robustness of imperialist penetration into the country (and countryside), given the redivision accomplished through World War 2, as in the case of Chile. In countries like Chile, feudal aspects of production do not represent fetters on the process of capitalist accumulation to any degree approaching what they did before the Second World War, nor to the degree that they do today in other parts of the Third World, including parts of Latin America. Large-scale capitalist farming plays the major role in such countries. What remains of feudalism is not the reason their economies are in a shambles.

The point in making these distinctions—and this typology is only presented tentatively and of necessity simplifies the complex pat-

chwork of production relations found even within individual countries—is to underscore that feudalism is not an absolute and impassable barrier to the expansion of imperialist capital. Imperialism both props up and is limited by the feudalism that exists within its global framework. Yet it also penetrates and, even in the least vigorous of spirals, works towards its transformation. Feudalism can, and has been, attenuated or even largely eliminated (short of its revolutionary overthrow) in various regions of the Third World, and this has been *not in spite of but because of the exigencies of imperialist accumulation*. Such imperialist-led transformations lead to ever more acute and profound contradictions and upheavals, and will continue to do so as long as imperialism "hangs on." These contradictory thrusts of imperialist accumulation are further proof that the ultimate barrier to the expansion of capital in the oppressed countries is capital itself.

#### Once Again on Surplus Extraction and Underdevelopment

Let us come back to the question of surplus. Merchant capital did not, in the main, productively reinvest surplus in the colonies. It confronted extremely backward productive forms and was principally engaged in trade. On the other hand, commercial slavery in the United States was tightly integrated into a world market dominated by industrial capital. But the slave mode reproduced itself in relative structural isolation—production was expanded chiefly through the intensification of work and the addition of slaves (and land), not through technical innovation. And what of imperialist capital in the contemporary era? *America in Decline* makes this point:

"Imperialism is not quintessentially defined by the theft of riches from the Third World; it is not merely the seizure of wealth per se. It is, rather, an internationalised mode of production subsuming others, a mode of production governed by real and dynamic value relations, whose expansion demands specific allocations of capital and concrete transformations of produc-

tion relations which turn into their opposite, widening disparities and imbalances."<sup>9</sup>

In other words, we are dealing with an internationalised process of capitalist accumulation—with the generation of surplus value, with the transfer of value (resulting from different technical compositions of industries, different efficiencies, and different wage levels), with precapitalist modes enveloped and increasingly permeated by the technical-economic imperatives of capital, and with the extraction of value from the oppressed countries (linked to the foregoing and to the practices of monopoly). But, and this is the important point, *the extraction of surplus value from the oppressed countries is not incompatible with growth.* As we also note:

"Imperialist capital can, and in the long run must, develop the economies of these countries. But it must develop them on an imperialist basis—in particular, on a basis favourable to the foreign capital—and in contradiction both to the welfare of the broad masses of these countries and to the development of a relatively articulated social formation."<sup>10</sup>

Many proponents of a "new international economic order" (and many revolutionary nationalists) point out that not only is surplus removed from the oppressed countries but that *more* surplus is taken out than is plowed back in. Were that surplus disposed of by national forces, the argument goes, greater sums would be reinvested locally and development would proceed in a way more beneficial to the broad masses. This argument is both false and dangerous. What is undeniably true is that repatriated profits have very often exceeded new inflows into the Third World over considerable stretches of time. According to official U.S. Department of Commerce data, during the period 1960-72, income returned from Latin America to the United States was \$9.2 billion greater than net capital account inflows into Latin America from the United States.<sup>11</sup> But even this condition is compatible with growth. In fact, during the expansionary phase of the postwar

world economy, the specific fit of their particular internal configuration of resources into the structure of world demand, and their insertion into the world financial network, have unleashed a process of industrialisation in some of these countries, corresponding to the needs of imperialist expansion. At the same time, imperialist-induced growth has exacted a terrible toll. In Hong Kong, 60 percent of the labour force work a seven-day week; in South Korea, accident rates are the highest in the world; in Export Processing Zones, cruel and grinding conditions of employment face the women, largely between the age of 14 to 24, who make up the bulk of the work force.<sup>12</sup> The commercialisation of agriculture and the general extension of the money economy into the countryside have imposed a crushing burden on many heretofore self-sufficient producers, now forced into a marginal existence. But the other side to this superexploitation, polarisation, and immiseration is the growth of the proletariat and increasing productivity of social labour—in sum, the development of the productive forces, on the basis of the widening and sharpening division between the oppressor and oppressed nations.

To claim that, somehow, an independently based capitalism would cater to the needs of the broad masses is to mask the nature of capitalism. And to think that an independent capitalist road in the Third World is a viable and durable option is to misapprehend the dynamics of the contemporary epoch. This is not the era of rising capitalism, when the world economy was loosely integrated and when different societies reproduced themselves and interacted internationally as units and productive processes external to one another. The developing countries are component parts of a unified world economy that derives its cohesion from the internationalisation of capital. In fact, it is our contention that the economies of the oppressed nations must either be run in accordance with the logic of finance capital or in accordance with the logic of proletarian dictatorship and proletarian world revolution. Deng Xiaoping

understands this—his only problem is that his dream of becoming a "newly industrialising" comrador turns to a nightmare at a time of deepening economic crisis and approaching inter-imperialist conflict.

The argument can be pursued more provocatively. Suppose, for example, that the Allende government had stayed in power and embarked on a program of national capitalist development—refusing to accept foreign loans yet doing everything on a capitalist basis—and that the imperialists took a hands-off attitude (already the chimerical nature of the program becomes apparent). What might ensue, from the standpoint of local accumulation? Well, crucial sectors of such an economy would not be operating at the level of international production norms and would stand in contradiction to the international distribution of productive efficiencies. This situation would compound foreign exchange difficulties related to the import of vital supplies and parts, since such a regime could not, given the inherited patterns of development, and would not, for predictable capitalist reasons, decisively break with the imperialist world market. Further, the protection of certain sectors would effectively prevent others from utilising "world class" technology and obtaining the cheapest (internationally produced) inputs. In effect, the regime would be subsidising inefficiency—and not for very long. Skewed patterns of consumption, reinforced by any species of capitalism, pose other difficulties (not the least of which would be the emergence of black markets tied to luxury trade).

Much more could be hypothesised. The point is that, eventually, the regime would see that from this class perspective Deng was right (and that Mozambique and Nicaragua are also, in a perverted sense, right) to accept foreign loans and the control that goes with them. Even though more surplus might be lost to imperialism than gained in the form of reinvestment, these economies would grow faster, on a capitalist basis in the present-day world, by availing themselves of international capital and technology, and by fully integrating into the world im-

perialist economy. You can't have the law of value in command yet refuse to dance to the music of international competition and profit maximisation. (Of course, in the short-run such a national capitalist regime is imaginable; and it cannot be ruled out, *a priori*, that a more developed Third World country might, through the the welter of world contradictions, make the leap to imperialism.) What is being said here is not a defense of imperialism but an argument for proletarian-led revolution!

Nor is what's being said tantamount to denying the validity of the new democratic revolution in the colonies and neocolonies. To begin with, as indicated, feudalism has by no means been transcended in the world, both as a phenomenon of the economic base and of the superstructure of the oppressed countries. And even where feudal agrarian structures have diminished in importance, the strategic requirement of ousting imperialism as a precondition for internal transformation and the necessity of breaking dependence on the imperialist world market might—and very likely will—call forth alliances with national bourgeois forces.

Something that we have emphasised in *America in Decline* is that imperialist penetration into the oppressed nations does not merely expose them to international monetary disruptions, global recessions, and violent price adjustments. It results, structurally, in a particular quality of development, which reflects the subordinate integration of these economies into the imperialist order. They do not display the same degree of cohesion found in the advanced countries; their heartbeat, as we say, originates elsewhere. Foreign capital does not generate the kind of forward and backward linkages essential to the establishment of a relatively independent and interdependent industrial base; much of the technology adopted in the advanced sectors cannot be diffused throughout the economy; heavy investments in roads and storage and distribution systems frequently engender enclave or "air-bubble" developments; breakneck and

chaotic urbanisation and often slow and uneven expansion of the agricultural sector lead to massive unemployment; the tertiary sector (from administrative professionals to domestic servants) represents a disproportionately large share of total employment (and, in the case of servants, underemployment); state and military expenditure produce parasitic growths and deformations; and a huge build-up of debt accompanies this pattern of development.

To be sure, for certain Third World countries over certain periods, growth rates in GNP may appear quite impressive. But once that GNP is disaggregated and scrutinised, a very different picture emerges, one of *disarticulated and extroverted development*. The oppressed nations are neither experiencing some sort of delayed European-style primitive capitalist accumulation nor being pushed back to a lower level of productive development. The situation is more complex, and the revolutionary transformation of these economies is a formidable task. Iran, for example, though more developed than was China in the 1930s, is also more highly integrated into the world economy, and this presents major difficulties to a revolutionary regime in reorienting such an economy. In some countries it is conceivable that the proletariat in power will have to break up large scale commercial plantations and redistribute land in order to diversify and expand agricultural output, that cities may have to be depopulated to varying degrees through rural resettlement, or that petrochemical plants in jungles will have to be dismantled. In other instances, great and rapid leaps forward in the socialisation of the productive forces and forms of ownership may be possible. In any event, recasting a disarticulated economy to meet the needs of revolutionary development hinges on the radical break with imperialism and requires the most ardent mobilisation of the masses.

#### **Breaking With Erroneous Models**

Baran inspired fruitful studies of what he called the "morphology of underdevelopment." Samir Amin

has perhaps devoted the greatest analytical attention to the nature of a disarticulated economy. Moreover, Baran, and especially his followers, acknowledged that changes had and were taking place in the Third World. Imperialism, they agree, needs to expand productive investment; and, given certain political conditions, this becomes possible.

But imperialism, according to the vast majority of dependency theorists, places narrow limits on the development of the productive forces in the neocolonies, even under conditions of expansion. Ultimately, they fall back on the stagnationist and underconsumptionist problematic of Baran and Sweezy's neo-Marxism. Amin, in a recent review-essay, offers this explanation as to why imperialism cannot decisively wrench itself out of its normal stagnationist state-of-affairs, and why crisis invariably erupts:

"I agree with the thesis advanced by Sweezy, namely, that the capitalist mode, in its essence, suffers from an insufficiency of demand: wages and the incomes of independent producers not being directly integrated into and subordinated to the level required for absorbing production (including the investment goods needed to sustain this production) do not 'automatically' adjust upward...."

"In our epoch, the overall dynamic of growth and profit is determined by the contradictory/complementary dialectic of an upward movement of returns to labour in the centre and stagnation and downward pressure in the periphery."

Thus according to this view, the maximisation of profit on a world scale leads to a situation in which global supply outstrips global demand, a problem whose acuteness arises from superexploitation in the periphery (which stunts the development of an internal market, as wages remain low, and which is connected to a pattern of export-oriented growth). Our view, on the other hand, is that crisis must be understood in terms of the global structure and profitability of capital. Specifically, barriers to the pro-



fitable reproduction of capital emerge in both the advanced and dependent countries.

Imperialism is a fetter in the oppressed nations not because it strictly opposes growth as such or because it refuses to invest or because it transmits stagnationist tendencies to the countries with which it comes in contact. Accumulation in the imperialist epoch entrains a process of global development; but *this occurs extremely unevenly and is anchored to quite specific production relations that distort and, as expansion leads to crisis, thwart development*. The precise thrust and dimensions of this process depend on a determinate structure of capital, the concrete alignment of political-military forces, and the previous development of productive forces—all of which we have conceptualised in terms of global war-to-war spirals.

In the years 1950-70, the overall annual rate of growth of manufacturing industry in the Third World exceeded that of Great Britain and France during their "take-off" periods in the 18th and 19th centuries (although it must be pointed out that the major sources of Third World manufactures are a relatively small circle of countries). But one structural difference that stands out in comparing the formative industrialisation experiences of the present-day capitalist powers with what is happening in the Third World is that for the former group of countries industrialisation was accompanied and, in crucial ways, prepared by enormous increases in agricultural productivity. Within a period of forty to sixty years preceding the industrial revolution, agricultural productivity underwent spectacular growth. In the Third World, the agricultural sector has not only lagged behind the manufacturing and extractive sectors but has also lapsed into periods of dormancy and decline in many countries. This says something about both the distortions characteristic of imperialist-led development and the incomparably greater misery suffered by the masses of the Third World in the course of imperialist penetration and transformation than occurred during the early stages of capitalist development in Europe.

By fixing their gaze on one time frame or region, many observers fail to grasp the overall thrust of imperialist accumulation. Baran could construct a stagnationist model which seemed to derive some empirical validity from the experiences of the 1930s. The British Marxist, Bill Warren, in his *Imperialism, Pioneer of Capitalism*, could seize upon the boom phase of this spiral to furnish specious documentation that a veritable second wave of capitalist industrialisation was taking place in the Third World (his uncritical acceptance of growth indices and his obliteration of the distinction between imperialist and local capital need not be gone into detail here)<sup>14</sup>. What *America in Decline* has emphasised is that imperialism at the world level requires—and is capable of pushing forward—development of productive forces. Finance capital unifies and permeates the world economy. Its capacity to centralise and redistribute surplus value can, at any given time, actually mitigate blockages in the accumulation process in particular countries. But, ultimately, this has the effect of spreading and intensifying contradictions at the world level. The disarticulated, neocolonial development spawned by imperialism becomes an integral and exacerbating element of imperialist crisis. And the gap between per capita incomes in the advanced countries and those of the dependent countries continues to widen.

### Understanding the Concept of "Fettering"

By way of conclusion, I want to touch on some philosophical issues related to the meaning and use of the concept of fetter. In the Preface to *A Contribution to the Critique of Political Economy*, Marx says that "no social order ever perishes before all the productive forces for which there is room in it have developed." How is this to be interpreted? Well, the reformist and revisionist interpretation is no great mystery: not until every last drop of growth has been squeezed out of capitalism does revolution become necessary or feasible; or, as the corollary, the mission of socialism is to pick up

where the bourgeoisie left off, that is, to increase the flow of commodities and the stock of capital. Suffice it to say that this is not Marxism. With respect to the passage from the *Critique*, a recent commentary makes the useful point that "Marx's extreme statement is an exaggeration to be understood in its political context. It reflects his polemics against Proudhon and the utopian socialists, who studied industrial development only to condemn it and would not realistically assess the material requirements of modern workers' needs."<sup>15</sup> To literally read Marx to the effect that capitalism perishes only after it exhausts all further possibility for developing the productive forces is to forget what he says in the *Communist Manifesto*: "The bourgeoisie cannot exist without constantly revolutionising the productive forces,"<sup>16</sup> a point that runs as a basic thread through *Capital*.

Capitalism fetters productive forces not because it loses its dynamism and technological elan but because its very dynamism leads ultimately to the emergence of higher and more formidable barriers to its continued self-expansion (the state of the world economy today certainly bears witness to this). And in the imperialist epoch, these barriers can only be overcome through world war. Indeed, the decisive reorganisation of capital in this century has come about on the basis of two world wars. The global development of productive forces has further globalised and intensified the violence, destruction, and horror of capitalism's recuperative mechanisms. The concept of the fetter must be understood in another sense—not just in relation to capitalism's internal logic and functioning but in relation to what all this has brought forward, in relation to its opposite. An alternative network of social relations is at hand, a network of relations through which it becomes possible to advance the material and social development of humanity in a way and to a degree precluded by capitalism.

Which raises the question of what socialism makes possible and how socialist development is to be assess-



ed. Mao was very clear that this could not be reduced to commodity magnitudes or rates of growth as such. The Great Leap Forward, he argued, could, from the narrow economic standpoint, be adjudged a failure; but viewed in terms of what it was bringing into being and unleashing, it was a pathbreaking initiative.<sup>17</sup> Similarly, the revolutionary forces in China in the early 1970s were doing battle with capitalist roaders who pointed to higher growth rates in other parts of the world (including some countries in the Third World). Now the Chinese economy had in fact been making enormous progress—a quick glance at any of the U.S. Congressional studies published in that period reveals that even the bourgeoisie had to admit this.<sup>18</sup> But, still, the revolutionaries evaluated growth and development principally in *qualitative* terms, from the standpoint of overcoming the Four Alls<sup>19</sup> and advancing the world revolution; that is, they put politics in command of production.

Certainly, socialism must raise labour productivity and open wide avenues for the development and utilisation of science and technology. And it does so: in part by eliminating the waste, chaos, and irrationalities of capitalism, but even more importantly by unleashing the activism and creativity of the broad masses. This is no mere slogan. The productive forces consist of tools and human beings. But human beings are the principal factor: tools are created, used, and renovated by people; science and technology are discovered by people. As Marx points out, "Of all the instruments of production, the greatest productive power is the revolutionary class itself."<sup>20</sup> And he is speaking fundamentally of its capacity to change the world. That the choices made by and the initiatives taken by human beings are conditioned and bounded by the overall material development of society, and that human beings occupy objective places in the structure of production relations, does not alter the fact that the most important productive force liberated by socialism...is people.

Imperialism fetters the productive forces not by comparison to

premonopoly capitalism but by comparison to the potential of socialism. Humanity has reached an historic threshold: *the material basis now exists to organise social production at the world level on a non-exploitative foundation*. It is this possibility set against the violent collision of the forces and relations of production that signals that capitalism has completed its historical mission. As a framework for promoting social development, capitalism in its monopoly stage is truly and incontestably moribund. Moreover, the persistence of the world capitalist system has fettered socialist development. Revolutionary China's achievements in relation to the postwar experiences of India were nothing short of extraordinary. But they were only a limited indication of the potentialities of world socialist development. And above and beyond the overt blockages and the ways in which it delimits the structure of options of the proletariat in power, imperialism stands as the obstacle to the global utilisation of the most decisive productive force, people. The question of the fetter is really the question of the epoch.

#### Footnotes

1. United Nations Industrial Development Organisation, *World Industry since 1960: Progress and Prospects* (New York: 1979), pp. 56-57.
2. World Bank, *World Development Report 1980* (New York: Oxford Univ. Press, 1980), p. 1.
3. *World Industry Since 1960*, p. 142.
4. "Global Shift: Brazil Steals the Show," in NACLA, *Report on the Americas*, Volume XIII, Number 1 (January-February 1979), p. 21; Frederick Clairmonte and John Cavanagh, *The World in Their Web* (London: Zed, 1981), p. 184; World Bank, *World Development Report 1983* (New York: Oxford Univ. Press, 1983), pp. 153, 155.
5. Paul Baran, *The Political Economy of Growth* (New York: Monthly Review, 1968).
6. See V. I. Lenin, *Imperialism, The Highest Stage of Capitalism* (Peking: Foreign Languages Press, 1970), pp. 116-17, 150-51.
7. The purpose of this article is not to critique Baran's broader theory of in-

vestment behavior and his related view of surplus absorption difficulties in the monopoly epoch. This has been done by others, and we will confront some of these issues in a subsequent volume of *America in Decline*.

8. Walter Rodney, *How Europe Underdeveloped Africa* (London: Bogle-L'Ouverture, 1972), p. 244.

9. *America in Decline*, p. 109.

10. *America in Decline*, p. 103.

11. *Survey of Current Business*, October 1970, Table 9, p. 31; September 1973, Table 7, p. 24.

12. Teresa Hayter, *The Creation of World Poverty* (London: Pluto, 1982), pp. 106-107.

13. Samir Amin, "A.G. Frank and the Crisis," *Monthly Review*, November 1983, pp. 53-54.

14. Bill Warren, *Imperialism, Pioneer of Capitalism* (London: Verso, 1980).

15. Richard Miller, *Analyzing Marx* (Princeton: Princeton Univ. Press 1984), p. 178.

16. *Manifesto of the Communist Party*, in Karl Marx and Frederick Engels, *Selected Works* (New York: International, 1972), p. 38.

17. See the discussion by Bob Avakian in *Mao Tsetung's Immortal Contributions* (Chicago: RCP Publications, 1979), pp. 112-117.

18. It should also be pointed out that Paul Bairoch, in his authoritative study of economic development in the Third World, saw in the revolutionary experience of China during the years 1950-72 an unprecedented developmental program that accorded priority to agriculture and, on this basis, achieved substantial gains in all sectors of the Chinese economy. See Paul Bairoch, *The Economic Development of the Third World since 1900* (Berkeley: Univ. of California Press, 1977), pp. 188-93, 201-203.

19. The Four Alls refers to Marx's statement in *The Class Struggles in France, 1848-1850* that the dictatorship of the proletariat is the necessary transit point to the abolition of "class distinctions generally," to the abolition of "all the relations of production" on which they rest, to the abolition of "all the social relations" that correspond to these relations of production, and to the revolutionising of "all the ideas" that result from these relations.

20. Karl Marx, *The Poverty of Philosophy* (New York: International Publishers, 1963), p. 174. ■