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because the economic motives (it is in fact a resistance to proletarianization, that is, to exploitation) are reinforced by cultural motives. But this kind of resistance will not be able to turn into revolution.

Nor should we forget that, although the models of social organization are strictly identical for both the developed world and the underdeveloped world, communism by no means excludes a variety of solutions. On the contrary, use-value necessarily generates variety.

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### CHAPTER 5

## The Crisis of Imperialism

When *Imperialism, the Highest Stage of Capitalism* appeared during the First World War, Lenin was perfectly aware of the importance of his analysis of the close relationship between the new hegemony of monopolies, the worldwide expansion of capitalism and colonial oppression, the development of a labor aristocracy in the capitalist centers, and the first social-democratic revisionism. Imperialism's second crisis, begun a few years ago, is giving new relevance to Lenin's basic conclusions, while a struggle is developing against the second (Soviet) revisionism, which shares with its predecessor the reduction of Marxism to economism and a West-centered outlook.

What changes have taken place between this first and second crisis of imperialism? What were the principal forces which determined these changes?

### 1. Expansionism and imperialism, a necessary clarification

From the beginning, capitalism acquired an international dimension; but the content and function of this dimension went through three stages. During the mercantilist period of primitive accumulation (from the Renaissance to the Industrial Revolution), the American and African periphery played decisive roles in the accumulation of money capital. During the classical period of mature monopoly capitalism (the nineteenth century), the American, Asiatic, and Arab-Ottoman peripheries contributed to

the acceleration of industrialization in the center by absorbing its manufactured products (in exchange for agricultural products) and raising the profit rate.<sup>2</sup> However, since the end of last century, the monopolies have given a new dimension to the world capitalist system by making possible the export of capital.

It is therefore essential not to confuse expansionism, the general characteristic of capitalism, with imperialism, which constitutes its contemporary stage. This question must not be studied in terms of the "economic" laws of the capitalist mode, but by going back to the global plan of historical materialism, that of the class struggle, and placing this struggle once again in its true worldwide context. It is only thus that we will avoid the linear and mechanistic vision which the West-centered outlook necessarily involves.

This point of view assumes that one is familiar with the principal arguments in *Unequal Development* concerning: (1) the fundamental concepts relative to modes of production, social formations, and the relationships between the economic base and the ideological and political superstructures;<sup>3</sup> (2) the characteristics (generalized commodity alienation) and the fundamental laws of the capitalist mode of production, especially those concerning accumulation;<sup>4</sup> the dynamics of extended reproduction, the active role of credit and money in the dynamic equilibrium,<sup>5</sup> the dialectics of the business cycle and smaller economic fluctuations;<sup>6</sup> (3) the international link between national capitalist formations and the international monetary system;<sup>7</sup> (4) the concept of domination by the capitalist mode over other production modes, the formal subordination of labor to capital, the interconnection between agriculture and industry in the accumulation of capital, and the transformation of ground rent;<sup>8</sup> (5) the theory of international values and that of unequal exchange;<sup>9</sup> and (6) the problems of unequal social development with which both capitalism and its socialist successor are involved.

Expansionism, both premonopolist and monopolist, appears as the immediate expression of the search for markets, either for commodities or for capital. Our argument is that the capitalist mode does not "need" external markets, either for its products or for capital. Dynamic equilibrium is in fact always "possible," and

there is no problem of its "accomplishment" as soon as one understands the active role of money and credit in accumulation.

The active search for these markets is therefore a product of the class struggle, and it is in this way that the "internal" national conditions of accumulation are interrelated with the conditions of the world system of premonopolist and then imperialist capitalist formations. Capital knows only one "law": the search for a maximum rate of surplus value, disguised by its immediate form—the pursuit of a maximum rate of profit. In this search, it confronts only one obstacle: the resistance of the producers of this surplus value—proletarians and immediate producers formally subordinated to the exploitation of capital.

Mercantilist expansionism typifies the class struggle of the period of transition from European feudalism to capitalism. It was the product of the struggle between the developing bourgeoisie—still merchant and not industrial—and the landowners. The first "periphery" was thus organized in close relationship with primitive accumulation: the accumulation of money wealth which became capital at one pole, and the deterioration of feudal relations of production which released the labor power that was to become the proletariat at the other pole. The transformation of ground rent and landed property, which became capitalist rent and capitalist landed property, was part of this deterioration. There is no "economic law" which can account for these decisive transformations in the transition from feudalism to capitalism. Physiocracy merely expresses in ideological terms the demands of the agrarian and merchant bourgeoisies; it gives a "rational" image of their behavior.

Nor did the commercial expansionism of nineteenth century premonopoly capitalism follow from an implacable "economic" necessity. The internal markets for the new manufactured products were insufficient because the rate of surplus value was very high, owing to the weakness of the working class. A theoretical equilibrium without external markets would have been possible at a higher level of real wages. External markets gave rise to a new international division of labor: the center was industrialized all the more quickly since the periphery furnished raw materials

(cotton) and foodstuffs (wheat). This division of labor fostered acceleration of accumulation in the center, in spite of the very low level of wages. At the same time, it enabled the industrial bourgeoisie to reduce the extraction of the profits of ground rent. It was not "economic laws" but class relations between the bourgeoisie, the proletariat, and landed property that determined the pace and structure of accumulation. The comparison between the history of accumulation in England and in France is clear and bears precise evidence of this. The class relations (struggles and alliances) in these social formations cannot be viewed in isolation since they bring together social forces throughout the world system. The international division of labor favorable to the industrial bourgeoisie of the center, especially of the main center—England—implies the integration into the world system dominated by England of social classes which benefited by that integration and which, on that basis, became its agents. The new latifundia producing export products from India (zamindars), Latin America, and Egypt are good examples.

Since the end of the last century, the expansion of imperialist capitalism has been transmitted by the export of capital as much as by that of products. Here once again there is no "economic law" which renders accumulation "impossible" on an internal basis; there is no problem of "impossible markets" either for the products or for capital. If imperialism is nevertheless a qualitative new phase of capitalism, its characteristics must be sought in the conditions of the class struggle, in the center, the periphery, and especially at the global level of the imperialist system.

In this perspective I will take up four series of decisive debates concerning: (1) the meaning of imperialism and of the fundamental link which Lenin established between monopolies, imperialism, and revisionism; (2) the meaning of the imperialist domination of the capitalist mode of production over the whole of the world system, in terms of class alliances and struggles on a worldwide scale; (3) the relative place of "economic laws" and the class struggle in the whole matter; and (4) the opposition between a world vision of the class struggle, which implies unequal exchange (that is, unequal rates of exploitation of labor power) analyzed in terms of uneven development of capitalism,

and the West-centered outlook of economic revisionism. Based on the conclusions of these debates we will propose a periodization of the imperialist phase and an analysis of its crises.

## 2. What is imperialism?

The concepts of center and periphery are related to the expansionism of capital in general. They are definitely not attenuated synonyms of imperialist countries and colonial or dependent countries. These concepts are essential for those who, from the very beginning, have a vision of capitalism which is neither West-centered nor economic. It is not by accident that those who reject these concepts inevitably fall into the revisionist trap, even when they state their "criticisms" in leftist or ultraleftist terms (Trotskyism, pseudo-Maoism, anarchism, etc.); in the final analysis they remain the objective allies of social democracy.

If *Imperialism, the Highest Stage of Capitalism* remains the fundamental revolutionary work which still defines the essentials of the contemporary system, this is because Lenin established the objective connection between monopolies and revisionism (that of the Second International of his time). The growing centralization of capital introduced the era of monopolies at the end of last century, but this did not simply transform the conditions of competition at the center. Nor were the conditions simply created for the "transformation" of values into prices by giving to the monopolist sector of capitalism the hegemonic role, and appropriating for it a growing share of the surplus value generated in the other sectors. The essential point is that the extension of this hegemonic role of monopolies on the world scale, and the division of the working class at the center, which accepted the revisionist hegemony, occurred simultaneously.

Monopolism in fact made possible, for the first time, the export of capital on a scale hitherto unthinkable. This gave a new momentum to the unequal international division of labor and extended the exploitation by monopolies to all the producers of the system. But this exploitation was extended by dividing the

producers, that is, by subjecting them to different rates of exploitation. First, in the sector governed by outright capitalist relations of production, different rates were paid at the center and at the periphery to the same labor force which produced identical goods (or close substitutes) with the same productivity. Second, in those sectors of production subjected to the formal domination of capital (as opposed to real domination), the surplus generated by formerly free producers was appropriated. The essential point then is the possibility monopoly capital has for a new strategy of differential exploitation of labor.<sup>10</sup>

Lenin stressed this simultaneity. He denounced the objective roots of the hegemony of the "labor aristocracy" over the class, the reduction of Marxism to an economist ideological expression, and the bureaucratization and nationalist betrayal of the working-class parties of the Second International which were its political results. At the opposite pole—in the periphery—the conditions were created for a united front in the struggle against capitalism, which placed the whole of the exploited masses under the leadership of the working class. But the working class must seize that leadership from the hands of the national bourgeoisie, whose development is limited by imperialist exploitation, even if this bourgeoisie is also the product of the development of the imperialist system. At the center, the battle must be engaged by the revolutionary camp against social democracy and, at the periphery, against the nationalist hegemony. This new combination of alliances and class struggles on a world scale is characteristic of imperialism.

The imperialist system tends to aggravate uneven development. At the center the social formation tends to be reduced to the capitalist mode of production; the "backward" sectors—the less competitive small- and medium-sized enterprises—are gradually eliminated. The social-democratic alliance gains strength as this elimination advances. At the periphery, however, formal submission extends to sectors which were hitherto independent, thus placing narrow limits on the development of the productive forces.

With imperialism, the principal contradiction of the capitalist system tends to be between monopoly capital and the over-

exploited masses of the periphery; the center of gravity of the struggles against capital tends to shift from the center of the system toward its periphery. Lenin expressed this admirably when he proposed the new formula "Workers of the world, oppressed peoples, unite."

The essence of revisionism is precisely to deny this principal contradiction: to deny that the division of the working class at the center has objective bases, and to attribute it to the subjective factor ("betrayal" by the leaders, etc.); to deny that the working class at the periphery can become the essential force of a liberation which, from being national at the beginning, becomes social in the end; and to deny that this possibility also has objective bases (imperialist exploitation). Sometimes revisionism openly proclaims itself as such (asserting the supremacy of "national interests" over those of classes in conflict, etc.), sometimes it is disguised as ultraleftist, continually repeating that the working class at the center remains the principal nucleus of the forces of socialism—because it is more "numerous," etc. This West-centered outlook, diametrically opposed to the analysis of uneven development, goes back to the old tradition of linear and mechanistic bourgeois thought. It reestablishes the bridge between the bourgeois philosophy of the Enlightenment and the reduction of Marxism to economism.

All the revisionists, both rightwing and "leftwing," have emptied Lenin's analysis of imperialism of its revolutionary content. They are willing to repeat the "five" characteristics of monopoly; by isolating these, they ignore the "sixth" characteristic—the social-democratic hegemony in the working class of the center, and even more the "seventh"—the socialist character of the struggles for national liberation.

### 3. Two significant debates

The Leninist theory of imperialism forms part of a great series of debates regarding accumulation at the level of the new world system which had just come into being. Rosa Luxemburg's thesis

that accumulation is impossible without external markets is well known. The economic argument is erroneous, as Bukharin clearly showed (in *Imperialism and the Accumulation of Capital*) when he recalled the role of money and credit. But more importantly her argument, which is related to the expansionism of capitalism in general, does not highlight the specific characteristics of imperialism. When Rosa Luxemburg spoke out against revisionism, therefore, it was with weak arguments. When Otto Bauer asserted that equilibrium was possible without external markets, provided that the real wages increased with productivity, or when J. A. Hobson suggested that the export of capital was necessary only because the rate of surplus value was too high (understood to mean in relation to equilibrium conditions), Rosa Luxemburg strongly objected to this prospect of an "integration" of the working class putting an end to its socialist aspirations. But the argument is not completely erroneous; imperialism is indeed accompanied by an increase in wages at the center, which capital tries to offset by overexploiting the periphery. This dual movement further polarizes development at the center, "marginalizing" the periphery not in absolute terms, but in relative terms, as shown by the increasing gap between national products. Rosa Luxemburg did not grasp this dialectic because she failed to see what was new in imperialism. It was Lenin who went beyond this first phase of criticism of revisionism. The revisionists, with Pannekoek, Tugan-Baranovsky, Hilferding, Kautsky, and others, were hastily interpreting the possibility of an equilibrium of accumulation in economic terms implying that capitalism was eternal, an argument to which Rosa Luxemburg could only oppose the argument of catastrophic collapse, which is of the same economic and mechanistic nature. After Lenin, Bukharin was able to criticize Rosa Luxemburg correctly, to deduce from her error the shortcomings implied in her views on the colonial question and the peasant question. Rosa Luxemburg's obstinacy in maintaining that the nature of the working class in the center had not changed, together with her underestimation of the anti-capitalist revolt of the periphery, served as the basis for all subsequent leftist versions.<sup>11</sup>

One can see, therefore, how great a qualitative jump imperialism represents. But, from the 1930s, for reasons that we will see later, the Leninist theory of imperialism was emptied of its essential content.<sup>12</sup> It was only in the 1960s that the debates on imperialism were revived, in connection with the beginning of its second crisis.<sup>13</sup> We can thus examine three themes from that new series of very rich confrontations: unequal exchange, ground rent and the formal subordination of labor to capital, and dependence and underdevelopment.

The debate on the question of unequal exchange appears to have brought out first, the tendency of world values to prevail over national values, resulting from the increasingly worldwide nature of the production process, and second, the tendency toward increasing divergence between exploitation rates of labor at the center and at the periphery. Taken together, these two characteristics reflect the intensification of the imperialist system since Lenin's time and make possible the correction of Bukharin's error concerning the so-called tendency toward worldwide equalization of wages.

Once this step had been taken, it was urgent to consider the specific forms of capitalist domination in the periphery, which Lenin did not do explicitly. Stalin tackled, although dogmatically, according to the tactical requirements of the Third International,<sup>14</sup> and Mao Tse-tung developed practically in relation to China.<sup>15</sup> The importance of the peasant world in the periphery countries has led to a reassessment of the theory of ground rent and of formal subordination essential to understanding the nature of the class alliances of imperialism at one end and of the proletariat at the other.

Thus a bridge was gradually built between the theory of imperialism and that of "underdevelopment." Imperialist formulations concerning this phenomenon (analyzed in terms of "backwardness") were followed by bourgeois and petty-bourgeois nationalist formulations which first expressed the theory of "dependence"—first economic, mechanistic, and even Keynesian, and then structuralist. This nationalist content was linked with the persistent refusal to give to the theory of imperialism its true Leninist content, a refusal shared by the second revisionism



and the new leftism which revived the views of Rosa Luxemburg without transcending them.

This series of debates, therefore, largely repeated those which had taken place fifty years earlier. The same themes—those of economism in its two versions (the rightwing evolutionist version of Bernstein and the leftwing "catastrophe" version)—gradually emerged.

Fundamentally, it was the battle in which the protagonists recognized that the new revisionism, that of Muscovite orthodoxy, was based on the same fundamental objective realities (imperialism, become social-imperialism) and the same ideological reduction of Marxism to a linear, mechanistic, and West-centered economism. The development of these debates therefore had an impact which led back to the essentials of Marxism.

#### 4. The phases of imperialism

Imperialism is the highest phase of capitalism in both senses of the word. First, the centralization of capital has gone so far that its further development will mean a departure from the capitalist mode of production proper, because the latter implies the fragmentation of control of the means of production, the noncentralization of that control at the state level. Hence, if capitalism is not overthrown by a socialist revolution, the progress of the productive forces could lead to a new class society not reducible to a new type of capitalism. The new situation is underlined by discussions concerning the Soviet mode of production, the world of *One-Dimensional Man* and of 1984, the base/superstructure relationships specific to that new class society (different from those which characterize capitalism), and the "decadence" theory as a possible historical path for the superseding of capitalism instead of revolution.<sup>16</sup> Second, the era of imperialism is already in effect the era of socialist revolutions, that is, the era of the decline of capitalism.

Thus, the phases of imperialism are not of the same nature as those of premonopoly capitalism. With reference to the

nineteenth century, we found it appropriate to distinguish between the long phases of homogeneous expansion of capitalism and the phases of structural crisis. Each of these expansionist phases was characterized by a real geographic extension of the capitalist sphere (central, of course). This was the era of victorious bourgeois revolutions and the rise of capitalism. The thinking of Marx and Engels on the future of capitalism, the colonial and national questions, the revolutionary strategies, etc., must be viewed in that context; if not, one commits the historical misconception of reproaching Marx and Engels for having been unaware of imperialism, attributing to them the role of prophets, which is contrary to the very essence of Marxism.<sup>17</sup>

The phases of imperialism revolve around totally different axes. The main thread is of course the development of the principal contradiction which characterizes imperialism, that is to say, it is anti-imperialist struggles which are the decisive factor. The economic and West-centered perspective considers first the internal evolution of central capitalism, as if it stemmed from "economic laws" (as opposed to the class struggle and the anti-imperialist struggle which is its main form). Once again, this perspective separates the evolution of anti-imperialist relations and that of the struggles at the center-from the principal contradiction. To that viewpoint, we propose another which elucidates the interimperialist relations and the class struggles at the center in terms of the anti-imperialist struggles.

Imperialism has undergone two expansionist phases—that of its installation (1880-1914) and that following the Second World War (1945-1970)—a first major phase of crisis (1914-1945) from which the Russian and Chinese revolutions emerged, and, now, is undergoing a second major crisis.

The first expansion saw the emergence of: (1) unequal exchange, reflected in differential rates of exploitation of labor power; (2) the "classical" international division of labor between agricultural and industrial countries, as a substratum of this differential exploitation; (3) the variants of periphery agriculture subordinated to monopoly capital (colonial trade system, latifundia); (4) the imperialist class alliances (imperialists-"feudalists"-comprador bourgeoisie) and those of the proletariat (proletariat-

exploited peasantry-petty bourgeoisie-national bourgeoisie); (5) the political forms of imperialist domination (direct colonization, protectorates, and semiprotectorates). Seen from the point of view of the center, this phase is one of: (1) national monopolies; (2) "equilibrium" between the great imperialist powers; (3) the formation of a labor aristocracy and of the first revisionism. Hardly was the imperialist system in place when it became the subject of the first anti-imperialist battles, including the Chinese revolution of 1911; the "Young Turk" and "Young Iranian" reform movements; the first steps of Indian and Egyptian nationalism, and the Mexican revolution.

The thirty-year structural crisis which followed saw the rise of those anti-imperialist struggles which spread widely and, in some exceptional cases (China and Vietnam), became sufficiently radicalized to culminate in socialist revolutions. This resistance of the periphery so aggravated the interimperialist conflicts that the Second World War appeared at first to be a conflict of that kind, between the victors of 1918 and those who had lost their *Lebensraum*.

At the center, the class struggle was largely conditioned by the place of national capitalism in the imperialist system. For the victors of 1918, the social-democratic alliance survived attacks from the Third International which was revolutionary in its time. For the conquered and the weak, fascism was the only possible response to the revolutionary threat, precisely because the weakened imperialist positions of the bourgeoisies of these countries threatened the social-democratic alliance. This was also the period which marked the beginning of a new international division of labor based on a certain type of industrialization in the periphery—import-substitution industrialization—which was not "granted" by the monopolies, but snatched from them by the anti-imperialist, albeit bourgeois, movement. This long crisis witnessed the gradual distortion of interimperialist relations to the benefit of the United States which, after the Second World War dominated the whole capitalist system without competition. Of course, the economic system of monopoly capitalism developed during these thirty years. But it was conditioned by the development of worldwide struggles (anti-imperialist struggles, class struggles at the center, interimperialist conflicts). The new forms

of absorption of the surplus (militarization, tertiary wastage, etc.) can only be understood if one recognizes that these forms of expenditure imply imperialist overexploitation (actual or intended) on which they flourish. Finally, this period was characterized by the gradual degeneration of the Russian revolution, the breakup, in the 1930s, of the workers' and peasants' alliance which had made 1917 possible, the constitution on that basis of a new class mode of production, and the reduction of Marxism to economism. But all this was to become retrospectively clear only during the second phase of imperialist expansion.

The second phase of imperialist expansion "recuperated" the limited anti-imperialist victories of the previous crisis, as I noted in *La crise de l'imperialisme*.<sup>18</sup> The struggles/recuperation dialectic teaches us in fact that any struggle which is not carried on to the end—that is, to socialist revolution—constitutes the foundation of a new rise of capitalism. Industrialization by import substitution integrates the bourgeoisie (and even the petty bourgeoisie) of the periphery into the imperialist system and thus transforms the very nature of anti-imperialist strategy. Henceforth, the peripheral bourgeoisie is strategically in the capitalist camp, even if, tactically, some of its fractions may, according to local circumstances, be anti-imperialist. At the same time, this industrialization serves as a basis for the new rise of capitalism. The recent crisis has revealed the extremely important role which energy and cheap raw materials have played in expansion at the center; hence, the decisive importance of this "recuperation" which, on the "economic" plane, was evidenced by the increase in exports from the periphery.

On that basis, the social-democratic alliance at the center is reinforced, especially since the continuing Soviet evolution extinguished the last revolutionary ambiguities of the Third International. With peaceful coexistence, the "convergence of systems," and the reestablishment of "economic calculus" and the "market" (even partial), the second revisionism was born. At the same time, in this second phase the interimperialist imbalances of 1945 were gradually resolved: the duration of American hegemony was short, and, from 1958, Europe and Japan again became competitors—at least, economic competitors—who could aspire to dispute the autonomy of the United States in its

imperialist sphere. Analysis demonstrates that: (1) the anti-imperialist struggles (Vietnam and the Middle East in particular) occupy a decisive central position which conditions the development of other contradictions; (2) the difficulties of the social-democratic alliance (southern Europe) or its crisis (England, Scandinavia) echo the failures of the imperialist strategies; and (3) these failures led to the aggravation of the inter-imperialist conflicts. The evolutions in the economy of the center—so-called multinational firms, generalization of the new forms of absorption of surplus—are responses to these developments of the class struggle throughout the world and not “autonomous causes” which determine their framework.

The present crisis is therefore a crisis of imperialism, and not of capitalism in general. It can be superseded only by socialist revolutions, or by a new stage of centralization of capital and of the international division of labor which would tend to bring the Western world very much closer to the Soviet mode. It is in that perspective that we place the alternatives of the social-democratic alliance or revisionist alliance as the foundation for a neoimperialism (social-imperialism) of the 1984 type.<sup>19</sup> It is possible that the two outcomes will be combined, and that the revolutionary outcome, for example, may succeed in penetrating some important zones of the periphery while the renovation of capitalism in the most important centers would lead to a centralization of capital by the state. This type of transition to socialism on a world scale involves models which we have qualified as “models of decadence” in which, by analogy with the history of the superseding of the Roman Empire by feudalism, one again finds, on the one hand, the decisive role of the periphery, and on the other, the widening gap at the center between an increasing anticapitalist social maturity and its inability to convert itself into effective political revolt. The Roman form of this decadence was Christianity and the barbarian invasion. Its contemporary form is marked by the shifting of the “resistances” and struggles from the political plane to those of the other aspects of social life (the family, mores, culture). The development of these struggles paralyzes the state and delays the prospect of 1984—which is not inexorable, but only a possible reaction based on the reestablishment and extension of the state.

## CHAPTER 6

# International Trade and Imperialism

Theoretical investigations in the social sciences are governed by one of three approaches—apologetic ideology, positivist empiricism, or basic science. Their conclusions, as well as their scope and critical validity, depend on the epistemological status of the categories and concepts utilized.

There are, accordingly, three broad theoretical approaches to the question of international exchange (trade). Each of these corresponds to one set of theoretical propositions (together with the relevant categories, concepts, and methodologies) concerning the theory of exchange in general, i.e., the theory of value. With respect to the question of international trade, the vulgar theory of value—that is, the neoclassical theory of subjective value—is paralleled by an apologetic pseudotheory which is no more than a restatement of the classical theory.

This subjective theory of value was worked out in the 1870s in answer to the critique of political economy which Marx had initiated with the publication of volume I of *Capital* (1867). This was in fact the overriding concern of Böhm-Bawerk, Menger, and Walras, the three sources of neoclassical economics: it was absolutely necessary to invalidate Marx's conclusions regarding the exploitation of labor in the capitalist mode of production. A century later, the original intent had been forgotten, at the very moment when neoclassical economics was demolished with the publication of Sraffa's works.

The subjective theory of value has been shown to rest on a tautology—it does not even meet the criteria of formal logic. It is