https://internationalviewpoint.org/spip.php?article6700

Imperialism

1972: The Driving Forces of Imperialism

- Features - Ernest Mandel Archive -

Publication date: Monday 29 June 2020

This paper was submitted to the Bertrand Russel Centenary Symposium, Linz, Austria, September 11th to 15th, 1972. First published in: Ken Coates (ed.) *Spheres of influence in the age of imperialism* (Nottingham, 1972).

Contrary to the assumption of Joseph Schumpeter, imperialism cannot be under stood in terms of remnants of pre-capitalist, semi-feudal or monarchic forces in the 20th century. Otherwise, it would not be possible to explain the emergence of the United States of America as the main imperialist power, in a country in which capitalist development was devoid of any semi-feudal or monarchic remnants. Like wise, imperialism cannot be seen simply as an aggressive, foreign-policy superstructure upon finance capital, as Kautsky conceived it, which is to say, one among several variants of capitalist policies in the 20th century. Neither would it be possible to explain the systematic, institutionalised expansion of big capitalist combines and their states, irrespective of specific superstructural forms, under pre World War I empires as well as under "democratic" republics, with powerful standing armies or without them (as in the case of West Germany and Japan after World War II), and with fascist or "popular front" governments alike.

The only fundamental explanation of imperialism must therefore be the Hilferding-Lenin thesis that Imperialism is a specific form of organisation of capitalist production, reproduction and expansion, both in the realm of social infrastructure and that of superstructure, which derives from a concentration and centralisation of capital, and exercises monopolistic or oligopolistic price control of markets in stead of free competition, thereby inevitably introducing powerful stimuli to an authoritarian and aggressive control in all spheres of social life. These effects include the division of the world market among the big capitalist combines; the division of the world in spheres of influence of the big imperialist powers; a growing concentration of political power in the hands of finance groups controlling the monopolies and the economy, and in those of the permanent state machinery (i.e. away from Parliament or collective democratic representation of the bourgeois classes, not to speak of the "people" as a whole); a growing control of these centres of economic and political power in all fields of the social superstructure and of the private lives of all individuals; the increasing importance of armaments and armies in the economy and in world politics, and so on and so forth.

The concrete forms of the exercise of power in imperialism can widely vary: internally, from extreme forms of fascist dictatorships to the running of the daily government affairs by governments chosen by working class majorities of the electorate; internationally, from extreme forms of direct foreign imperialist rule (by colonial empires or foreign occupation) to more diluted forms of indirect rule, obscured by political independence with a modicum of autonomy in economic matters too. The variations of these forms, which in the last analysis reflect different social and political power structures, that is, the rising or declining strength of the anti-imperialist forces, their militancy and capacity of self-defence, are of great importance in determining the immediate possibilities of success â€" and therefore also the tactics â€" of liberation movements.

But fundamentally, without the destruction of the capitalist mode of production, without its replacement by other production forms which are based upon the social property of the means of production, without the transformation of labour power from the status of a commodity into that of the master of production, the generalisation of democratically centralised, which is to say, planned self-management in all spheres of social life; and without the withering away of commodity production, of market economy, of social classes and of the state: no other forms of economy, society and politics are possible today than the imperialist ones.

When thus viewing contemporary reality, imperialism is seen neither as an accident nor as one of several variants of bourgeois rule. It is contemporary capitalism, and the only possible form of capitalism given the present extension and dynamics of the productive forces. A non-imperialist capitalism, an "anti-imperialist democracy" within the framework of capitalist property and production relations, i.e. universal commodity production, is as utopian as a return to an economy of guilds and corporations in the epoch of electronics, nuclear energy, automation and mass production conveyor belts.

1. The basic economic driving force of imperialism

Imperialism as a socio-economic system corresponding to monopoly capitalism can be seen as deriving, in the last analysis, from two basic economic logics: the logic of over-accumulation (surplus capitalisation, over-capitalisation); and the logic of surplus profits. When concentration and centralisation of capital reduce the number of firms whose output represents a major share of the market, price competition is replaced by deliberate price-fixing, whether this takes the form of the combine, the cartel or of "price-leadership". From the point of view of this changed behaviour, it is immaterial whether only one corporation or trust dominates the market, or whether the pricefixing is the result of an open or silent agreement between several firms.

Administrative prices in the short and medium run increase profits, and enable thereby increased capital accumulation. But price and market control imply a strictly limited growth of output. This is the basic contradiction which monopoly capitalism adds to the fundamental contradictions of the capitalist mode of production, revealed by Karl Marx. This contradiction implies that all profits realised through price and market control cannot be reinvested in the monopolised sector, without undermining the monopoly profit itself. If they are fully reinvested there, they will lead to a declining capacity utilisation, i.e. to a rapidly declining rate of profit.

From a theoretical point of view, the interesting dispute whether this phenomenon is really one of too much or too little surplus-value, a dispute started in the twenties with the publication of Henryk Grossmann's famous book, seems to be rather scholastic, for both interpretations are but two different aspects of a same process. Of course, capitalism never knows "absolute" over-capitalisation; there is always too much capital only from the point of view of obtaining an average rate of profit considered normal by the capitalists. In that sense it is, of course, true that if more possibilities for increased surplus value production existed, there would be no surplus capital, or, in other words, that a scarcity and not an abundance of surplus-value is at the root of the problem. But this statement in no way conflicts with the dialectical development of the process. Because previously produced surplus-value, transformed into capital, cannot obtain the average rate of profit, it appears as surplus capital in desperate search for additional fields of investment. Whereas initially the problem arose from too little surplus-value, it thereupon takes the appearance of too much capital.

The way out, historically, has been one of devalorising capital by a crisis of overproduction. The same amount of surplus-value previously produced now enables the remaining capital to achieve a higher rate of profit, thereby stimulating investment of previously idle capital, and hence increasing surplus-value production. In the imperialist era, this mechanism still operates through the industrial cycle, which remains as real today as it was yesterday. But this periodic devalorisation (destruction of value) of capital is an answer to the periodic over-accumulation. Under monopoly capitalism we are, however, faced with apermanent phenomenon of over-accumulation, arising from a monopolistic concentration and centralisation of capital itself, which is qualitatively different from the period phenomenon characteristic of all phases of capitalist development.

The answer to permanent over-capitalisation can only be the frenzied search for new fields of capital investment. This means in the first place export of capital, which is for a long period the main result of over-capitalisation, but by no means the only one. The invasion of non-monopolised sectors of the economy and their growing monopolisation; accelerated technological innovation; the development of "additional markets" (armaments, service industries, public works) play an important and ever-growing role in the same context. But to understand the growth dynamics of imperialism, we now must examine the other basically new contradiction, which arises from mono poly capitalism.

The elimination of price competition by price-fixing is not just a mechanical result of the concentration and centralisation of capital, of the reduction of the number of significant competitors in a given field. It is a result of this concentration of economic power under conditions of a sudden leap forward of the organic composition of capital, of a steep increase in fixed capital investment (second technological revolution: electricity, oil, internal combustion engine). This leads to a much sharper trend of decline of the average rate of profit. The main rationale of price-fixing and the elimination of competition in monopolised markets is therefore the search for monopolistic surplus-profits.

Under universal capitalist commodity production there exist with a given volume of output only two sources of additional profits for any capitalist firm, including large monopolies: either an increase in the rate of surplus-value (of exploitation of the working class); or a redistribution of surplus-value at the expense of other capitalists. The increase in the rate of surplus-value certainly plays an important role in the dynamics of imperialism. But under normal conditions of bourgeois democracy, it is limited by the power of organised labour which not only defends its real wages, but also aims at conquering some participation (however modest) in the increase of social wealth, resulting from the constantly growing productivity of labour. Exceptional circumstances like fascism and war can, it is true, induce a sudden and steep increase in the rate of surplus-value. This is precisely what happened in the late thirties and in the early forties in most of the imperialist countries (Britain being the main exception), as a result of disastrous defeats of the working class in the class struggle. But generally, the increase in the rate of surplusvalue can hardly keep up with the increase in the organic composition of capital to neutralise the effects of labour-saving devices on the average rate of profit. Its efficiency as a source of monopolistic surplus-profits within the imperialist countries is therefore normally rather limited.

This implies that the main internal source for these surplus-profits can only come from a redistribution of surplus-value among the - capitalists themselves: to the benefit of the monopolised and at the expense of the non-monopolised sectors. This is, of course, exactly what happened and what is still happening. But it imposes a severe limitation on the expansion of monopolies and the growth of monopolistic surplus-profits. Only when the number and the importance of the monopolised sectors are still limited can the difference between monopoly profit and average rate of profit be of any significance. The very growth of monopolies inexorably dries up the source of monopoly itself, which is the mass of surplus-value produced in the non monopolised sectors of the economy.

This is why, incidentally, the assumption of Baran and Sweezy’s Monopoly Capital and of so many academic economists of the Baumol-Kaysen-Berle-Gaibraith school, that giant monopolistic corpora tions can emancipate themselves indefinitely from market forces and from competition, is fundamentally wrong. The total mass of surplusvalue to be redistributed among all capitalist firms and capital holders is strictly limited by what has occurred in the process of production It cannot in any way be increased by what occurs in the process of circulation, by trade, publicity or non-productive service activities. Any gain achieved by any corporation over and above the average rate of profit is always achieved at the expense of another firm. It stands to reason, then, that the larger the already monopolised sector inside an imperialist economy, the more the internal source of monopolistic surplus profits is drying up. We have here a clear and powerful motive for the international expansionist nature of imperialism.

2. Export of capital and the socio-economic structure of under-developed countries

Why can the export of capital to underdeveloped countries and their transformation into colonies and semi-colonies of imperialism for a whole historical epoch play the role of the main source of monopolistic surplus-profits, which then take the form of colonial surplusprofits? We can only understand this in the light of the law of uneven and combined development, which has determined, and continues to determine, the whole of capitalist development. By its very nature, by the very nature of its basic drive, which is capital accumulation, capitalism cannot create a homogeneous development. Its progress throughout each country and throughout the world is always an exploitative, and uneven one. Towns are developed at the expense of the countryside, a certain number of “growth” industrial regions at the expense of other regions, a certain number of initially industrialised countries at the expense of countries marked by retarded development. “Two nations” inside one nation; “two continents” inside one continent; “two worlds” inside one world are the permanent features of capitalism, always characterised by a relative impoverishment of some in favour of a relative enrichment of others. Value produced by workers is appropriated by capitalists; value produced by firms and industrial branches with a lower organic composition of capital is appropriated by firms and branches with higher productivity; labour spent by backward nations is appropriated by more developed nations: this is the basic law of the motion of capital.

This unevenness of development is not due to any special quality of “energy” of “thrift” (or negatively: relative laziness) of any race, ethnic group or nation. It springs from the very nature of capital itself, which, to quote a formula coined by André Gunder Frank, always is simultaneously the development of development and the development of underdevelopment. Why do we then speak not only of the law of uneven development inherent in capitalism, but also of the law of uneven and combined development? Because the way in which capitalism builds and develops the world market is characterised by a unique combination of socio-economic processes and forces.

Capitalism develops the world market from its very start (which, incidentally, proves that, although many of her theoretical arguments were wrong, Rosa Luxemburg caught a historically predominant trend of that mode of production, when she insisted on its drive to sell commodities on a broader market than the one in which they were produced, i.e. correctly insisted on the fact that capital accumulation does not “automatically” create its own market and does not auto matically lead to the realisation of the surplus-value contained in the commodities it has produced). The circulation of commodities produced the world over is united into one single world market. But this unification of commodity circulation does not imply a unification or homogenisation of commodity production. On the contrary: on the world market commodities produced by the factories appear side by side with the most modern technology and commodities produced by slaves (the cotton grown by slave labour in the pre-war Southern plantations of the USA being only the most conspicuous, but by no means the only example); commodities produced by petty-commodity production in hundreds of thousands of villages scattered throughout the world, and commodities produced by semi-feudal corvée labour in many backward areas; commodities incorporating surplus-value extracted by modern technique and commodities incorporating semifeudal land rent at varying degrees, etc. etc.

Capitalism, and especially imperialism, combines development and underdevelopment, the rapid growth of some nations with the retarded growth or others, not by making them all produce under the same capitalist conditions of production, but precisely by maintaining varying degrees of pre-capitalist or semi-capitalist relations of production in most colonial and semi-colonial countries. Therefore, André Gunder Frank is wrong when, with the honourable intention of fight ing against the disastrous myth of an “anti-feudal and anti-imperialist national revolution” in the backward countries (which has led so many revolutions to disaster), he goes overboard the other way and argues that all countries in the capitalist world market are capitalist countries to the same degree qua their mode of production and their basic relations of production.

Pre-capitalist historical origins alone â€” i.e. the historical differentiation grown since the 16th, or some would argue since the 13th centuryâ€” cannot explain this lack of homogenisation of capitalist production throughout the world. Some countries left behind in the pre-capitalist process of differentiation, which arrived at the threshold of the industrial revolution with a delay of one or several centuries, could catch up fairly quickly. The last â€” and most spectacular â€” case of catching up within the framework of the capitalist world market was that of Japan, which started its industrial revolution a century later than Britain and has attained today, to all extents and purposes, at least, an identical level of development of productivity of labour and of industrialisation to that of Britain.

The two basic preconditions for such a catching-up process in the 19th century were: independent political power in the hands of a social class bent upon unfettered industrial development; and a large degree of autonomy of the national process of capital accumulation. It is easy to see that both conditions are but different aspects of a same process of independent capitalist development, or, if one wishes, of integration into the capitalist world market under conditions of autonomous capitalist development. It is striking to see how much capital imported from foreign sources played a key role not only in the first phase of industrialisation of Japan, the United States, Italy, Germany, Belgium and France, but even of Great Britain herself (we are referring in that case to Dutch capital). It is equally striking to compare the role of foreign capital in these cases (to which one could add those of Holland, Switzerland, the Scandinavian countries, Spain and a few of the white dominions) to the role foreign capital played in the colonial and semi-colonial countries. In the first cases, a process of cumulative capitalist growth, capital accumulation and industrialisation was unleashed. In the second category of cases, this same process was blocked and retarded. It is not by accident that the shift from laissez-faire capitalism to monopoly capitalism or imperialism divides in time the first process from the second. Under conditions of laissez-faire capitalism, export of commodities was the rule, export of capital the exception (and generally perpetrated only with rentier purposes). Under the conditions of monopoly capital, export of capital becomes immensely more important than previously. And far from having ren tier pre occupations as its main goal (they are only secondary by-products in the social structure of the imperials countries themselves), this ex port of capital to the colonies and semi-colonies has the search of surplus-profits as its basic drive.

Export of capital resulting from a frenzied search for additional fields of investment and monopoly surplus-profits leads to a double process of domination: domination of the local capital market by foreign capital; domination of the local state by foreign imperialism. It is this unique combination of circumstances â€" which Japan was the last important backward country to escape from in the 19th century â€" which explains historically the retardation of economic growth in the colonies and semi-colonies.

What are the sources of colonial surplus-profits? We can stress the three main ones. In the first place, capital exported to the underdeveloped countries will be invested in such fields where the organic composition of capital is lower than in the imperialist countries: mining and plantation firms, where labour is organised on the basis of manufacturing or early-industrial capitalism, not of highly technicised modern monopoly capital. The imperialist era was characterised by a predominance in the underdeveloped countries of primary products (which had become quite scarce in the second half of the 19th century, thereby changing the terms of trade between raw materials and manufactured products and pushing metropolitan capital to a strongly increased primary production in those countries most easily suited for it as far as that capital is concerned), with its peculiar and unique worldwide division of labour, and monoproduction features for the colonies. Investment of capital in those branches of production with a lower organic composition of capital could yield a higher average rate of profit than investment of capital inside the imperialist countries themselves, which are characterised by a higher organic composition of capital.

In the second place, the value of labour power in the backward countries was much lower than the same value in the imperialist countries. As a result of their integration in the world market, of their specialisation in primary production, of their inability to compete with the industrial goods produced by the advanced countries, traditional non-agricultural employment is sharply reduced in the backward countries from the start of the imperialist era. The industrial reserve army of labour is characterised by a secular growth in the colonies and semi-colonies, which in a way depresses wages, makes efficient trade-union organisation difficult or impossible, which in turn makes the relationship of power in the class struggle â€" between Capital and Labour â€" which partially determines the wage level â€"extremely favourable to Capital. Simultaneously, in the imperialist countries, which have been transformed into a factory for the whole world, there is (with the additional aid of large-scale emigration to the Americas and to the white dominions) a secular decline in the reserve army of labour, a secular rise of the labour movement and of trade-union strength, hence a generally upward shift of real wages, and a growing difficulty for capital to strongly increase the rate of surplus-value under “normal” political conditions.

The opposite trends of real wages in the colonies and the metropolis are undoubtedly one of the main sources of colonial surplus-profits. But they have to be explained as a result and not as a cause of the difference in capitalist development in both parts of the world. They are not “independent variables” (it is the mistake shared by A. Emmanuel and many theoreticians of uneven exchange to treat them as such). When even approximately similar techniques were used with much lower real wages, of course the rate of profit could jump up wards.In the third place, not only was the value of the labour force much lower in the colonies than in the imperialist metropolis, but a specific set of circumstances enabled capital to super-exploit colonial labour, to buy its labour power at a price considerably below its value. These circumstances arose precisely from the chronic secular under-industrialisation, leading to a tremendous pressure on the land not as a source of profit but as a basis for an elementary, miserable livelihood. The growth of land rent, or the survival of pre-capitalist forms of exploitation in the countryside, or the pressure of usury debt, or a combination of all these forces, made the poor peasant desperate for any add itional source of income. Hiring himself during part of the year to a capitalist entrepreneur at a wage much below the subsistence wage, simply to supplement his meagre agricultural income, became a common feature of the colonial semi-proletariat, and hence, a source of important surplus-profits for the imperialist firms.

All these sources of colonial surplus-profits refer back to the specific socio-economic structure of the underdeveloped countries, as compared to the imperialist ones: under-industrialisation, huge rural employment, survival of pre-capitalist forms of labour and of produc tion, lack of autonomy of the capital accumulation process, lack of real national independence. As Paul Baran pointed out correctly, it was not the absolute amount of social surplus product in the colonies which was insufficient; it was not their social progress. On the contrary, many of the backward countries had and still have a social surplus product which, as a fraction of the total social product, is higher than the one of many an imperialist country. It is the specific utilisation of that social surplus product which is different in the colonies and the metropolis.

Partially it is transferred towards the metropolis. Partially it is squandered in luxury consumption by pre-capitalist or compradore ruling classes. Partially it is diverted towards land speculation, usury and other unproductive purposes. This again has nothing to do with inherent ethnic vices of the native ruling classes but is a result of the specific form of integration of these countries into the capitalist world economy, at a specific stage and under specific circumstances, which make these forms of investment more profitable than industrial development. In that sense, the domination by world imperialism of the world market and of the internal capital market of the underdeveloped countries â€" i.e. the lack of homogeneous economic world development under capitalism â€" is and remains the main source of underdevelopment under imperialism.

3. From classical to “late” monopoly capitalism

The heyday of imperialism was the two decades prior to World War I. Since then, the system has gone through a nearly permanent world crisis: two world wars; the victorious Russian revolution; innumerable uprisings and wars of liberation in the colonial and semi-colonial countries; the big depression 1929-32; the victorious Yugoslav, Chinese, North-Vietnamese, Cuban revolutions; the expansion of the Soviet sphere of influence in Eastern and Central Europe after World War II; the periodic upsurge of huge working class struggles (several million strikers in Germany, Britain and Italy after World War I; four million strikers with factory occupation in June 1936 in France; a near-victorious revolution in summer and autumn 1936 in Spain; the large sitdown strikes in the USA 1936-7; ten million strikers with factory occupation in France, May 1968; fifteen million strikers in Italy in autumn and winter 1969; the present strike wave in Britain, these are some instances): all these factors have undoubtedly weakened and partially undermines the classic pillars of imperialist rule emerging out of this heyday.

There is nothing amazing about this. In and by itself, imperialism is a system which exacerbates all contradictions inherent in bourgeois society. It sharpens the conflict between Capital and Labour, between underdeveloped nations and the imperialist metropolis, between the imperialist power themselves. Such a sharpening of conflict must lead periodically to grave economic, social, political and military crisis. Even if the system survives â€" and it will survive as long as it is not consciously overthrown on a world scale, in its main imperialist centres, by revolutionary working class activity â€" it loses many positions and thereby survives under conditions of growing stress and decay.

Contemporary imperialism, “late” monopoly capitalism, is imperialism or monopoly capitalism in decay. This implies that all basic laws of motion and contradictions of the system, analysed by Marx and Lenin, remain fully applicable and operative. But it also means that the modus operandi of the system, of these laws of motion, is modified precisely under conditions of decay. Without a heartbeat, functioning respiration, a cleansing kidney system, man cannot survive, neither as a baby nor during old age. But obviously the organism will not function in the smooth way of a baby's when the bloodstream is full of cholesterol, when one of the two lungs has collapsed and when one of the kidneys had to be removed.

The powerful liberation movement in the underdeveloped countries following World War II, greatly stimulated by internecine imperialist struggles at first, by the victory of the revolution in the most populated country of the world â€" China â€" later, has critically reduced the flow of private capital to these countries as a source of colonial surplus-profit. Objectively, the possibilities of achieving such surplus-profit remain as big as ever. But the constant threat of nationalisation or even confiscation, the threat of seeing national liberation movements grow into movements of socialist revolution which disentangle their countries out of the capitalist world market and world system, constitutes too big a risk for private investors. Partially, "public" capital (so-called "aid to the third world countries") has to supplement the growing deficiency of private capital export. Essentially, worldwide capital flows have changed directions. They do no more flow mainly between the imperialist metropolis, but between the imperialist countries mutually. Roughly, prior to World War I and II, two thirds of the international capital flow went from the metropolis to the colonial and semi-colonial countries. Roughly, today it has receded to one third of the international capital flow.

This reversal of trends corresponds to an important structural change in the imperialist economy too. The main source of monopolistic surplus-profits is no more colonial surplus-profits but technological surplus-profits, so-called technological rents. Without this substitute source of surplus-profit, the relative decline of capital export to the semi-colonies would have created a tremendous crisis of capital accumulation, a serious decline of the monopolies' profit rates, and accordingly, a disastrous slow-down of growth of the imperialist countries and of international capitalist economy (which was generally predicted by bourgeois and marxist economists alike towards the end of World War II). With this new source of suplus. profit flowing abundantly, the rate of capital accumulation and of growth of the imperialist economy remained exceptionally high for a whole generation, notwithstanding the constant blows hitting the metropolis in Asia, Africa and Latin America.

How can this new importance of technological surplus-profits be explained? From a purely descriptive point of view, there is no mystery. Everybody knows that since the early forties a third technological revolution has deeply transformed the structure of the imperialist economies. New branches of industry like electronics, the petro-chemical industry, aviation and space industries, either non-existent or secondary in the past, today occupy a key position inside all imperialist countries. Nuclear energy and automation based upon electronics progressively revolutionise what Marx called the "basic" driving force of industry, the one source of energy of the system (Bewegungsmaschinen). "Late" monopoly capital is linked to electronics and nuclear energy, like "classical" monopoly capital was linked to the electrical motor, and laissez-faire capitalism to steam power first, and the steam engine later.

To understand in theory the source of this new lease of life we have to examine the basic value relations since World War II. We already stressed that imperialism cannot collapse all by itself, economically. It has to be overthrown through the conscious effort of the working class and its main historical allies (in the first place the poor toiling peasants and the semi-proletariat of the underdeveloped countries). When this overthrow fails, due to a lack of revolutionary leadership and consciousness after strenuous efforts â€" as those which took place between 1917 and 1939 the world over â€" imperialism can turn the historical defeats of the working class into the source of a new temporary upsurge of the productive forces. By sharply increasing the rate of exploitation, the rate of suplus-value, it can provoke an upward shift of the rate of profit, whereby the process of capital accumulation can again experience a significant increase. This precisely occurred during and after the war in the USA, and after the war in Western Europe and Japan.

Several factors supported this upward shift of the profit rate. By their very nature, some of the main aspects of the third technological revolution render elements of constant capital especially cheap (the example of cheap chemical fibres as opposed to wool and cotton fabrics is but one of many of the same sort). Cheapening of constant capital retards the growth of the organic composition of capital and thereby raises the rate of profit. Permanent rearmament absorbs a large part of the surplus capital and maintains a constant flow of innovation fall-outs, thereby generally stepping up the rate of techno logical innovation. Rapid economic growth and especially a rapid â€" increase in the productivity of labour in those branches of industry which manufacture consumer goods, simultaneously enables an in crease in real wages and an increase in the rate of surplus-value, thus creating the illusion that it could be possible to increase the exploitation of the working class and to diffuse its militancy at the same time. Large-scale war destructions gave capital accumulation a special impetus in Germany and Japan, which spread wave-like to many other imperialist lands.

But the temporary appearance of full success of this “Indian Summer” of “late” imperialism, between the early fifties and the middle sixties, concealed a series of weaknesses and contradictions which became progressively evident in the second half of the sixties, and which start to intensify all basic conflicts by which the system is more than ever-ridden.

The accelerated drive towards technological rents, technological monopoly surplus-profits, could not thrive on the basis of the in creased rate of surplus-value only. It also implied a new and powerful redistribution of value and surplus-value at the expense of whole sectors of the bourgeois and petty-bourgeois classes, which was qualitatively larger than anything witnessed during the classic era of mono poly capitalism, before World War I and between the two World Wars. The results of this redistribution can be observed in the easiest way when we examine them simultaneously at three levels: the level of use-values, i.e. of redivision of the final consumer’s package of goods and services; the level of value production, i.e. the relative rise of decline of branches of activity in the GNP: and the level of the distribution of labour itself, i.e. the structure of the work force in the imperialist countries.

All these indicators coincide to reflect a dramatic decline in agriculture, small retail trade, branches of industry like coal mining, traditional textiles, railroads (and construction of railroad equipment), wood and woodwork, and probably also steel and copper. The expansion of the “growth industries” and their accelerated capital accumulation, thanks to large monopoly surplus-profits, has been to a large extent realised at the expense of these other sectors of the capitalist class and of the petty-bourgeois. This in turn has led to a dramatic speeding-up of the trend, outlined by Marx more than a century ago, of splitting bourgeois society into a small mino rity of capitalists and an overwhelming majority of wage and salary earners. In fact, while fifty years ago this second mass oscillated in most imperialist countries around 60-65% of the active population, and even decreased relatively during the great depression, it now has reached in most imperialist countries 80 or 85% of the population, and is already approaching or topping 90% in several of them.

Such a dramatic shift in distribution of income and in social struc ture necessarily provoked a certain regulating intervention by the state. The structure of capitalist industry and society is determined not only by laws of value production but also by technical necessities,which could not be disregarded for long without provoking a general collapse of the economy. If no private capital wants to be invested in mining, power construction, building of highways, university and laboratory expansion, because surplus-profits can only be won out side of these sectors, the state has to move in and take upon itself the necessary expenditures to maintain the organic network of modern technology. Essentially, growing state intervention in the economy has stimulated expansion and growth of capital accumulation and of monopoly surplus-profits only by means of one device: inflation of the means of payment, especially credit inflation. With the same device, it has obscured for a long period the growing gap between the rapidly expanding productive capacity and the more slowly growing purchasing power of the final consumers (explosive growth of consumer and mortgage credit), as well as the growing decline of the rate of profit.

But permanent inflation and growing state “control” of the imperialist economy lead to two new contradictions. The inflation of the dollar renders this currency more and more useless as an international means of payment, as a world currency extending the traditional role of gold, and as a means of international credit inflation, one of the main props for expanding world trade and stimulating economic growth in the post-war period. Increasing state "control" of the economy, including state economic programming, collides with the growth of multinational corporations, the inevitable results of an in creasing international capital flow between imperialist countries.

These multinational corporations, which are today the main organisational form of capital, for the first time in the history of capitalism project centralisation of capital on a broad scale on to the international field. In the last analysis, they correspond to the new technology, to the new growth of the productive forces which have since long out grown the boundaries of the nation state. But after everything that could be grabbed from the workers, the peasants, the petty shop keepers, the other industrialists, had been grabbed, these multinational corporations are today again faced with the dramatic problem of declining rates of capacity utilisation and of declining rates of profit, even reinforced by the rising nominal rates of interests as a by-product of permanent institutionalised inflation.

So the system moves down to a much slower rate of growth, to much sharper inter-imperialist rivalries and competition, to much more serious difficulties of realising the surplus-value, and especially to much sharper social conflicts. For the more the rate of profit declines, including the monopolistic corporations, the more the struggle for increasing the rate of surplus-value, i.e. the struggle to attack the rights and interests of the working class, moves into the centre of the socio-political scene in the imperialist countries.

This is all the more the case as the working class has been heavily strengthened during the past phase of relatively quick economic growth and relatively high levels of employment. It has used this strength not only to constantly divert the effects of inflation on real wages and to try to maintain its relative share in the national income, but also to press forward towards realising new demands corresponding to the higher development of the productive forces, and to the deeper nature of social crises. Among these qualitatively new demands, a direct questioning of the capitalists' authority at the factory level as well as at the level of the economy as a whole, a growing distrust in market economy and a growing pressure toward a revolutionary change in the very nature of work, and in the work-leisure relation, are the most significant ones, demands that powerfully pressed for ward since the 1968 upsurge of militancy in Western Europe. It is only a question of time till they will also appear in North America and in Japan.

4. From colonialism to neo-colonialism

The same factors which have caused a modification of the way in which the imperialist economy operates under conditions of capitalist decay have also caused some modifications in the way in which the backward countries are maintained backward under imperialist rule. The most important of these modifications is the general shift from direct to indirect rule of imperialism over these countries. Their status has been generally changed from that of colonial into that of semi-colonial countries. Political independence has been generally achieved. Direct colonial rule only survives in the Portugese colonies and in a few territories especially under British and French rule. But the bulk of the former colonial empires has acquired formal independence.

The main reason for this shift is the same as that which determined a reversal in the trends of international capital flows: the power and challenge of the liberation movements in the former colonies, and the urgent need for imperialism to make some tactical retreat in order to stop the tides, which otherwise would have engulfed nearly the whole of four continents. The purpose of the tactical retreat was two fold: to channel the mass upsurge towards goals not incompatible with the position of these countries within the capitalist world economy, thereby saving the main or at least part of the sources of colonial surplus-profit in these countries; to bolster and strengthen those native ruling classes which could, at least for a certain period, contain the mass upsurge within limits acceptable for capitalist world economy. While the conquest of national independence by most of the colonial countries implied some economic and financial losses even for the imperialists â€" a redistribution of the social surplus product produced by the workers and peasants of these countries, in favour of the native bourgeois and petty-bourgeois classes, and at the expense of the imperialist bourgeoisie and its traditional cronies â€” it consolidated for a whole historical period the bulk of the material resources, which imperialism continues to draw from the backward countries, consolidating simultaneously their integration in the capitalist world market.

This shift from direct to indirect rule of imperialism over the back ward countries implied a certain process of industrialisation (which had already previously received an impetus during the period of World War II). Mass indignation against mono-production; the quest for at least partial nationalisation of the sources of natural wealth following in the wake of the conquest of political independence; the interests of the native ruling classes, especially the so-called “national” bourgeoisie and the petty-bourgeoisie entrenched in the state machinery: all these factors acted in the same direction.

Such a process of limited industrialisation became all the more unavoidable in the semi-colonies as it was met by a powerful interest of the imperialist bourgeoisie itself. Due to the structural changes wrought inside the imperialist economy through the third technological revolution, a significant shift occurred in the export package of these count ries. Machinery and transport equipment now became the main part of that export package, instead of manufactured consumer goods and semi-finished products. If, for the textile and steel exporting industries of the West and of Japan, the initial industrialisation of the semicolonies was a curse because it meant a severe cut of their markets, the opposite held true for the exporters of machinery and builders of factories in the metropolis: for them, on the contrary, initial industri alisation of the Third World.meant an expansion of their markets. Some severe economic and political struggles took place inside the imperialist countries on this issue (in the USA, this struggle is not yet completely finished). But in general, it was decided in favour of the heavy battalions, to wit the exporters of industrial equipment.

We can now understand more easily the real nature of the growing flow of “public capital exports” instead of private ones, from the West and Japan to the “Third World”. Economically, this does not represent so much an “aid to the underdeveloped countries”, as it represents a permanently guaranteed market for the machinery and equipment building industries of the West, another example of “additional market creation” by the State in favour of key sectors of the monopoly capital. Socially, it was intended to have at least a temporary calming down influence upon mass-insurrections. And politically, it enabled the substitution of the hated foreign capital in its “pure” form by a new hybrid monster called “joint venture”, which becomes typical of imperialist indirect rule: firms partially owned by private foreign capital, partially owned by the native state, with some participation of indigenous private capital and significant investment through inter national public channels. Political attacks against such hybrid forms of foreign capital investment are considered more tricky than political attacks against outright 100% foreign-owned enterprises.

The shift from direct to indirect rule, and from mono-production to a modest level of initial industrialisation, does not basically change either the systematic exploitation of the semi-colonies by imperialism, nor the severe handicaps by both foreign imperialism and native social structure blocking the road of real progress and emancipation. The flow of profits, dividends and interests from the “Third World” to the imperialist countries continues to rise. Although it represents Ã¤ smaller fraction of the total profits of the imperialist bourgeoisie than in the past, it certainly represents a significant drain of the surplus product of the semi-colonies themselves. Two significant additions tend to swell the volume of that drain: the costs of importing foreign technology (often already outmoded) and technologists, i.e. the price paid for the limited level of industrialisation which imperialism allows the “Third World”; and the constantly growing burden of debt service flowing from “foreign aid”, a debt service which in some cases already engulfs a quarter of the total annual receipts from exports and nearly neutralises the additional annual foreign aid receipts.

The exports of the semi-colonies remain, in essence, exports of raw material, whose prices are determined on the world market which is dominated by imperialism, and often under conditions of world cartel price fixing which operates through imperialist firms. The fact that the imperialist countries, and in the first place the USA, are today more dependent than in the past upon imports of raw material from the semi-colonies (oil, iron ore, bauxite, chrome, nickel, rare metals, uranium etc.) does not imply at all that the “Third World” profits from this increasing scarcity of natural wealth. On the contrary, under monopoly capitalist conditions, it is perfectly possible for the imperialists to depend more and more on the use-values from the semi colonies, but simultaneously to conceding relatively declining exchange-values to these very primary products.

Initial industrialisation, even if it leads to increasing exports of industrially manufactured goods by the semi-colonies, in no way alters the exploitative conditions, which form the basis of international trade. These exploitative conditions do not result from a violation but from an application of the law of value on the world market, although in a modified form. Whenever there is a strong difference of levels of labour productivity, world market prices will be significantly above the “national” values of the industrially advanced countries and significantly below the “national” values of the backward countries. International exchange at “world market prices” is therefore an exchange of smaller quantities of labour from the imperialist countries (considered more intensive) against larger quantities of labour from the semi-colonies. Through this mechanism of uneven exchange â€” already perfectly analysed by Karl Marx â€” there is a constant transfer of economic resources, of labour resources, of value, from the backward towards the developed countries.

The physical nature of the goods exchanged, their use-values, are completely immaterial in that respect. What is decisive is the difference in the levels of labour productivity (to which undoubtedly technological rents are often added). In that sense, the exchange of raw cotton against cotton textiles can be no more disadvantageous for a backward country than the exchange of cotton textiles against textile machinery. Should imperialism actually succeed in establishing a new international division of labour, with semi-colonies specialising in light industries and imperialist countries in machinery and equipment construction â€” a process which is only in its initial stage, and which is most unlikely to succeed if capitalism survives for a longer period â€” the loss of value through uneven exchange would be no less severe for the “Third World” than it was in the old days when its exports were limited to primary products.

Undoubtedly the conclusion could be drawn that today the drain resulting from uneven exchange is becoming the main source of exploitation of the semi-colonies by imperialist capital, whereas the drain resulting from re-exports of profits, dividends and interests used to be that main source yesterday. However, both are closely intertwined, especially in the case of world-wide private corporations like the oil companies, and it is of slight interest to make a sharp distinction between both.

The changed relationship between foreign and native rulers over the colonial peoples, the changed forms of imperialist rule, have also modified the social nature of the alliance actually running these countries on a day-to-day basis. Yesterday, that alliance essentially comprised the foreign imperialist firms and their colonial administrators, the native compradore bourgeoisie (specialised in foreign trade), the big landowners and the merchant-moneylenders in the rural areas. Today the colonial administrators and the big landowners are vanishing. Their place is increasingly being taken by the “national” bourgeoisie engaged in industry, and the top strata of the petty-bourgeoisie in the state machinery, including the army. The other elements of the alliance re main, especially the merchant-moneylenders, who tend to consolidate their positions, and “grow over” towards the cities and towards the establishment of native banks advancing money to industry too. Often it is said that the old oligarchy has been replaced by a new oligarchy. This is not an unhappy formulation, especially as it reflects a growing process of inter-penetration between foreign and native industrial capital, thereby eliminating the classical distinction between the compradores, allied to the imperialists, and the so-called “national” industrial bourgeoisie, opposed to it.

Initial industrialisation has often taken the form of nationalised enterprises, due to the weakness of native capital, an unavoidable transition which we too witnessed in the past during the initial phases of industrialisation of countries like Japan and Italy. This increases the power of the top strata of petty-bourgeois administrators of the army, the state and the nationalised industries, which tend to form an intertwining establishment. In the framework of surviving capitalist relations of production and circulation, positions of public power be come powerful sources for private capital accumulation, through usurpation, bribery, extortion or outright theft. This process is going on today in most capitalist semi-colonies, leading towards the gradual emergence of a capitalist class of corrupted administrators, ministers, and generals, mainly investing their new capital in land speculation, luxury buildings, usury, wholesale trade and small industry. Indeed, semi-colonies have not solved any of the basic social evils created by imperialist domination. Initial industrialisation nowhere significantly reduced the tremendous unemployment and under employment. The best it could do, especially in Latin America, was to transfer parts of the rural unemployed to the large shanty-towns around the big cities, where they remain what they were in the villages: marginalizados. Endemic under-nourishment, if not famine; abnormally high infant mortality; illiteracy; lack of decent sanitation and housing; abysmally low per capita income; an increasing gap compared to the average standard of living of the toiling masses of the metropolis remain the fate of the overwhelming majority of the inhabitants of the semi-colonies.

Imperialism remains the doom of these countries. In alliance with imperialist capital, they cannot overcome this heritage of misery; in competition with imperialism, they have even less of a chance, as long as they stay within the capitalist world economy. By its whole logic, the emancipatory struggle of these peoples teaches them again and again not to stop at the stage of political independence, but to continue their revolution till it has eliminated all forms of capitalist exploitation, whether foreign or native. In this way, the colonial revolution, together with the anti-capitalist struggles of the workers in the metropolis, will be able to destroy imperialism at its very roots.