

**MARXIST
THEORIES OF
IMPERIALISM**
A CRITICAL
SURVEY

SECOND EDITION

ANTHONY BREWER



Marxist Theories of Imperialism

A Critical Survey

This seminal account of Marxist theories of imperialism is now appearing in a revised and expanded edition.

Covering figures as diverse as Hobson, Luxembourgh, Hilferding, Bukharin, Lenin, Frank, Wallerstein, Emmanuel and Warren, as well as Marx himself, it analyses how Marxists have accounted for the role of imperialism in the spread of world capitalism.

Marx had expected the spread of capitalism to lead to full capitalist development everywhere (unless anticipated by socialist revolution), while Lenin and his contemporaries concentrated on the role of monopoly and inter-imperialist rivalry. More recently, the focus of theory has shifted to the explanation of underdevelopment, which has prompted a renaissance of Marxist thought.

This book provides a clear guide to this important body of theory, establishing how the competing theories relate to each other and assessing them in terms of their logical coherence and their relevance to real problems.

Anthony Brewer is senior lecturer in Economics at the University of Bristol. He is the author of *A Guide to Marx's Capital*, 1984, and of a number of articles in learned journals.

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A Critical Survey
Second Edition

Anthony Brewer



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In memory of Iris Brewer

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Preface

My aim in this book is to survey Marxist writings on imperialism and, more broadly, on the emergence and development of the world capitalist economy. I have tried to maintain a sympathetic but critical position; critical because Marxist theories have often suffered from being accepted or rejected wholesale, rather than being subjected to detailed scrutiny and constructive criticism, and sympathetic because I think there is a lot to be learned from them.

In revising the book for the second edition, I found few major new ideas to incorporate; the last decade has been one of consolidation and reassessment. Dependency theories were still alive ten years ago, but the criticisms I and others made then have now been generally accepted, so I have gathered the story of the rise and fall of dependency theory into one (long) chapter. I have also added a chapter on Hobson which should, with hindsight, have been there all along.

I have benefited greatly from constructive criticism from others. Roger Berry, Martin Browning, Aidan Foster-Carter, and Andrew Friedman all gave me helpful advice when I was writing the first edition, but are not to blame for the results. Karen Snodin helped with translations. Gillian Baker, Pat Shaw, and Marjorie Lunt typed the first edition. The new edition, for those who are interested, was written and laid out in Microsoft Word, to produce a PostScript file, effectively using the typesetter to produce camera-ready copy as if it were a printer attached to my microcomputer. I owe a special debt of thanks to Emma Waghorn for firm but sympathetic editing, and to Alan Jarvis, David McCarthy, and others at Routledge who have guided me through the process. Finally, Janet Brewer has given invaluable support throughout.

Chapter 4 is based on a paper presented at a conference on imperialism at Catania, Sicily, September 1987, to be published in the conference volume, *Italia e Inghilterra nell'Eta dell'Imperialismo*, edited by Professor E. Serra.

Abbreviations

Some books that are referred to repeatedly are cited in the text by an abbreviated form of their title. They are listed below; for full details see the bibliography.

<i>Accumulation</i>	Luxemburg (1951), <i>The Accumulation of Capital</i>
<i>Alliances</i>	Rey (1973), <i>Les alliances de classes</i>
<i>Anti-Critique</i>	Luxemburg (1972), <i>The Accumulation of Capital – an Anti-Critique</i>
<i>AWS</i>	Amin (1974), <i>Accumulation on a World Scale</i>
<i>Capital</i>	Marx (1961, 1957, 1962), <i>Capital</i> , vols I-III
<i>Colonialisme</i>	Rey (1971), <i>Colonialisme, neo-colonialisme et transition au capitalisme</i>
<i>CULA</i>	Frank (1969a), <i>Capitalism and Underdevelopment in Latin America</i>
<i>CWE</i>	Wallerstein (1979), <i>The Capitalist World Economy</i>
<i>DAU</i>	Frank (1978), <i>Dependent Accumulation and Underdevelopment</i>
<i>EPEA</i>	Arrighi and Saul (1973), <i>Essays on the Political Economy of Africa</i>
<i>FC</i>	Hilferding (1970), <i>Finance Capital</i>
<i>Imperialism</i>	Lenin (1950), <i>Imperialism, the Highest Stage of Capitalism</i>
<i>IUD</i>	Amin (1977), <i>Imperialism and Unequal Development</i>
<i>IWE</i>	Bukharin (1972a), <i>Imperialism and World Economy</i>
<i>LAUR</i>	Frank (1969b), <i>Latin America: Underdevelopment or Revolution</i>
<i>LL</i>	Frank (1972), <i>Lumpenbourgeoisie: Lumpendevelopment</i>
<i>Manifesto</i>	Marx and Engels (1950), <i>Manifesto of the Communist Party</i>
<i>MWS</i>	Wallerstein (1974a), <i>The Modern World System</i>
<i>PEG</i>	Baran (1973), <i>The Political Economy of Growth</i>
<i>UD</i>	Amin (1976), <i>Unequal Development</i>
<i>UE</i>	Emmanuel (1972), <i>Unequal Exchange</i>

Introduction

The last two or three centuries have seen two interconnected developments that have transformed the world. First, production and productivity have increased to levels that would previously have seemed not so much impossible as inconceivable, and the whole nature of industry and of many of the goods produced has altered beyond recognition. How could earlier generations have conceived of live colour television pictures from the moon, broadcast to a mass audience in their own homes, or flocks of aircraft carrying northern Europeans on their annual migration to the resorts of the Mediterranean? Second, inequalities of wealth and power between different parts of the world have grown to an equally unprecedented degree. Americans and Europeans sit in comfortable homes, watching televised reports of famine in Africa. These are facts that everyone knows, but we tend to take them for granted and to ignore the extent to which they determine the whole character of the modern world. They can only be understood and analysed by looking at the historical process by which they have evolved, on a world scale, over a period of centuries.

The same period has been marked by a third development, the rise to dominance of the capitalist mode of production, in which production is carried out by many distinct, privately owned enterprises which sell their products on the market and employ wage workers. Capitalism has almost completely supplanted earlier forms of organization (peasant agriculture, feudal estates, slave plantations) in the advanced countries. In the underdeveloped countries, peasant agriculture still supports a large part of the population, but these areas have been drawn into a world market

and a world-wide system of specialization which has completely undermined traditional economic and social structures.

The colonial empires hacked out by European powers, and the whole system of European and American military and political dominance over the world, which reached its peak in the early twentieth century, can only be understood in the context of this process of uneven development. The basis for military supremacy was economic. Superior technology meant superior armaments and a capacity to transport armed men to any part of the world. Superior economic organization made it possible to finance the overhead costs of military forces, and to deploy them to devastating effect. The motives for imperial expansion were also predominantly economic. Some historians now seek to deny it, but the men of the East India Company, the Spanish conquistadors, the investors in South African mines and the slave traders knew very well what they wanted. They wanted to be rich. Colonial empires were exploited ruthlessly as sources of cheap raw materials and cheap labour, and as monopolized markets. The romantic image of empire (flags fluttering over distant outposts, and the like) may be appealing, but a serious study must concentrate on more fundamental economic issues.

I do not claim that every incident in the history of empire can be explained in directly economic terms. Economic interests are filtered through a political process, policies are implemented by a complex state apparatus, and the whole system generates its own momentum. Much of the history of the British empire, for example, pivots on the need to safeguard the route to India; British policy in, say, the Mediterranean should not be explained in terms of the economic gains to be made in that area alone, but in terms of the maintenance of empire as a whole. The drive to imperial expansion must be explained as one element in the whole process of capitalist development.

Equally, the creation of formal empires, under a single flag and a single political authority, is only part of the story, and perhaps not the most important part. Formal political independence, with a flag, an airline and a seat at the UN, does not guarantee real equality, though it may be a necessary condition for real independence and development. Some countries have never been formally annexed, and most Latin American states have been formally independent for a century and a half, but they have been drawn into a system of

inequality, exploitation and dominance almost as deeply as if they had been subjected to direct colonial rule. Underdeveloped countries still participate on very unequal terms in a world system of trade and investment.

My purpose in this book is to survey the various accounts of the development of the capitalist world economy that have been put forward in the Marxist tradition. I shall not discuss non-Marxist theories (except where they are relevant to the main theme), pre-capitalist empires or Soviet expansionism. This is not to deny the importance of these topics (especially the last); it is simply a matter of drawing a line around a reasonably coherent subject area. I shall not attempt to define 'imperialism' at this stage; indeed, I shall not present a final definition at any stage. Different writers used the word differently, and I shall follow the usage of the writer under discussion. Some of the authors discussed in the book did not use the word 'imperialism' at all. The set of topics set out in the preceding pages – the emergence of capitalism, its spread through the world, the unequal development of different areas, the dominance of some countries over others – all hang together, regardless of which elements we choose to label 'imperialism'.

I have argued that imperialism (in any of several different senses of the word) must be seen in the context of the whole history of capitalism on a world scale. Correspondingly, any theory of imperialism can only make sense when seen as a whole. This dictates the structure of the book. The work of each major writer must be seen as a whole, since a 'vision' of the whole system determines the treatment of particular aspects of it. The main body of the book will therefore be devoted to an examination of the work of a succession of major theorists in (approximate) chronological order.

1.1 HISTORICAL OUTLINE

As background, I start with a very brief, selective, and inevitably inadequate outline of the historical record. The fifteenth century is as good a starting point as any. At this time, Europe was not particularly rich or technically advanced compared with, say, India or China. The Arabic cities dominated what long-distance trade there was, controlling the trading links between Europe and Asia,

and the main Indian ocean routes. Certain parts of Europe had, however, a crucial lead in weaponry and shipbuilding, and the ability and incentive to take advantage of it. This was the basis for the explosive expansion of the Spanish and Portuguese sea-borne empires at the end of the fifteenth and the beginning of the sixteenth centuries.

During the first part of the 'mercantile' period (roughly 1500-1800), Spain and Portugal dominated. The Spanish empire was based on precious metals mined in central America and the Andes, funnelled through Panama to Spain, running the gauntlet of piracy in the 'Spanish Main' on the way. The mines, and the agricultural estates that fed them, were worked by forced labour. The Portuguese empire was more a string of trading posts controlling the traffic in spices and, later, in African slaves, but leaving social systems and systems of production relatively untouched. At the same time the expanding mercantile cities of western Europe came to depend on grain produced by serf labour on the estates of Prussia and Poland, shipped from Baltic ports.

In the seventeenth century, the emphasis shifted to the production of sugar in slave plantations in the Caribbean and Brazil, while Spain and Portugal progressively lost control of the seas and of key parts of their empires, first to the Dutch and then to the English and French. Labour was scarce in sugar-growing areas, and the 'Atlantic triangle' was born; manufactured goods (especially guns) were shipped to Africa, slaves to the Americas, and sugar back to Europe. As the eighteenth century went on, English, French, and Dutch trading posts in Asia expanded into territorial possessions, and there were signs of the more profound changes in Europe that developed in the following century.

In the mercantile period, then, European commerce came to dominate much of the world, though the goods exchanged in inter-continental trade were still mainly luxuries (sugar, spices, tobacco) together with slaves and precious metals. The organization of society and of production in South and Central America was totally and forcibly transformed, with whole populations exterminated and replaced, while in Africa and Asia the impact of Europe was in general either superficial or wholly destructive (the slave trade, the looting of India). How this pattern of trade and production should

be described is controversial. Frank and Wallerstein (chapter 8 below) insist that it was a capitalist world system, while others such as Banaji, Brenner and Rey (chapter 10) would describe it as a system of mainly pre-capitalist societies, linked by exchange, with an evolving capitalist centre in Europe. This disagreement is part of a larger debate over the definition of capitalism.

By the eighteenth century, capitalist relations of production, characterized by the employment of free wage-labour in privately owned businesses producing for the market, were well established in England and, to a lesser extent, elsewhere in north-west Europe. Productivity was rising fairly rapidly (though not as rapidly as later), and was already well above levels in the rest of the world. One factor in this general technical advance was the ‘scientific revolution’, which was closely linked to military and mercantile needs. Astronomy and the measurement of time, critical to navigation, were at the heart of Newtonian physics, and thus of a wholly new view of nature.

The decades around 1800 were a critical turning point, separating the mercantile period from the classical epoch of capitalist development. In the political sphere, the American and French revolutions created a new conception of politics. Britain supplanted France as a major colonial power and took effective control of India, which became the linchpin of the British empire. Even more significant, the industrial revolution, centred in Britain, marked the start of a new era. It was a protracted affair, but taken as a whole it was one of the most important events in human history. Its short-run effects on the mass of the people were probably retrograde, but it became possible to conceive of the abolition of poverty and drudgery through mechanized production. Marx’s vision of socialism was based squarely on the potential created by industrialization.

The industrial revolution happened where and when it did because of a conjunction of external and internal factors (whose relative importance is a matter of debate). The organization of production in Britain was by this stage wholly capitalist, based on firms that were relatively large (by previous standards) but numerous, flexible, and driven by fierce internecine competition. They could recruit workers with the necessary skills from a

substantial urban proletariat, and lay them off again equally quickly when market conditions changed or when labour-saving innovations made them redundant. Britain controlled the markets of the world, a vital advantage since the most important raw material, cotton, had to be imported, while a large part of the produce was exported. The profits of empire contributed to the ready availability of funds for investment. This was a new kind of society, which the rest of the world regarded with amazement. In a wider sense, the industrial revolution went on for much of the nineteenth century, a period of sustained development in the main centres of capitalism. The new industrial methods were introduced into industry after industry, and spread to other parts of Europe and North America. This was the context in which Marx wrote. By the end of the nineteenth century, Germany and the United States had emerged as major industrial rivals to Britain, and Japan had started on the process of industrialization.

The case of Japan is important, since it is still almost the only example of complete capitalist development outside Europe and areas of European settlement. Those who argue that subjection to Europe caused the failure of development elsewhere can point out that Japan was one of the few areas that remained outside European control, while those who argue that the success or failure of capitalist development depends primarily on internal social structures can point out that Japan started from a social structure that had much in common with European feudalism.

The area effectively integrated into the capitalist world economy expanded throughout the nineteenth century. Most of Latin America achieved formal independence, but came under informal British control. Asia, the largest and most populous continent, was opened up for capitalism. The British established effective control of the whole Indian subcontinent, and forced China, at gunpoint, to permit the import of opium. The French got Indo-China and the Dutch already controlled the East Indies. Russia was steadily pushing back its frontiers in Siberia and central Asia. Parts of Africa were colonized, setting the scene for a scramble for the rest at the end of the century. North America and Australasia were opened up. It was in this period that the world was definitely divided into 'advanced' and 'underdeveloped' areas, and the basic patterns of

the present world economy were established. A new pattern of trade emerged, replacing the trade in luxuries of the mercantile period: advanced capitalist centres exported manufactures and imported food and raw materials. The physical bulk of goods traded expanded colossally, but transport had been transformed along with the rest of industry and was able to cope.

The end of the nineteenth century marks another major turning point, the beginning of what Lenin called the ‘imperialist stage’ of capitalism. Following his lead, many Marxists reserve the term ‘imperialism’ to describe the twentieth century, using other terms for the expansionism of earlier periods. I will follow the usage of whichever writer is under discussion. There was a rapid increase in the size of firms and a spread of monopoly in the form of cartels, trusts and so on. The twentieth century is often said to be the period of ‘monopoly capital’. Exports of capital had increased rather earlier, augmenting rather than replacing trade in goods, at first in the form of loans to governments and public utilities, but increasingly as ‘direct’ investment in productive enterprises. In the early twentieth century investment was mostly in resource-based industries and related infrastructure. The natural resources of the whole planet were opened up for exploitation.

At the same time there was a scramble for control of the few remaining areas not already brought under colonial control, especially in Africa. Latin America passed, more gradually, from the British to the American sphere. Once the division of the world was complete, any further territorial expansion had to be at the expense of rival colonial empires. There was a sharp increase in tension between the main powers, especially between Germany (the rising power) and Britain (with the largest empire), which culminated in two world wars. That the rise of monopoly, the export of capital and the outbreak of inter-imperialist rivalry are connected is generally agreed among Marxists, though the exact nature of the connection is more disputable. This is the subject matter of the theories of imperialism worked out at the time by Hobson, Hilferding, Bukharin and Lenin (chapters 4-6).

The twentieth century has seen a number of developments. First, the area covered by the world capitalist system has contracted, with the subtraction first of Russia, then of China, Cuba, much of south-

east Asia and so on. In all cases these areas broke away as a result of war or of violent internal struggles. The nature of the systems installed in these countries will not be discussed here, but the fact of their existence has had important effects on the world balance of power. Second, international trade has grown more rapidly than total production, while international investment by major firms has grown even faster, making them into 'multinationals' operating on a world-wide basis. Markets for liquid money capital have also been internationalized. The world capitalist economy is much more tightly integrated than ever before, despite the achievement of formal independence by most underdeveloped countries. The system cannot possibly be understood by looking at particular nation states in isolation. Third, the capitalist world became very clearly divided into advanced and underdeveloped countries, differing not only in income levels, but in almost every other aspect of their economic and social structure. There are, as in all previous periods, a few doubtful cases, but it is notable how small a fraction of the world's population they contain. In almost all cases there is no difficulty in assigning a country to one group or the other. This cleavage is clearly a major structural feature of the twentieth-century world system, though it may be breaking down as the end of the century approaches.

The advanced countries (Europe, North America, Japan, Australasia) went through a bad patch in the two world wars and the depression of the 1930s, but then experienced the 'long boom' of the 1950s and 1960s. Overall, levels of productivity have increased enormously over the century and the capitalist form of organization has almost completely displaced others. Trade and investment flows within the advanced 'centre' have grown especially rapidly, so trade with the underdeveloped 'periphery' is now a relatively small part of the total. The economy of a typical advanced country has a relatively large industrial sector, and an even larger service sector organized on modern capitalist lines. Agriculture employs a small fraction of the labour force, using modern capital-intensive techniques. (In some cases, a peasant sector survives with the help of subsidies.) The majority of the population are wage earners, and trades union organizations, if they have not fundamentally altered the nature of capitalism, have

at least ensured that the benefits of increased productivity have been shared with the working class. Democratic institutions have become well established, with free elections and guarantees of personal freedom. The advanced countries contain the headquarters of the main multinational companies and are the main centres of technological development. They produce and export a very wide range of manufactured and primary products. They import some primary products and a growing volume of labour-intensive manufactured goods from underdeveloped areas.

Turning to the underdeveloped world, there are important differences between the 'three continents' (Latin America, Asia, Africa). In Latin America, indigenous societies were almost wholly destroyed centuries ago, white or creole ruling classes with a European culture were established, and the institutions of the modern state were installed at almost the same time as in Europe. The larger Latin American countries have average income levels well above those of Africa and Asia, though equally far below those of Europe. At the same time, they have all the structural features of underdevelopment. In Asia, major pre-capitalist civilizations were drawn into the capitalist orbit more gradually and at a later date. The larger Asian countries have well-established local ruling classes, a considerable technological capacity, and industrial sectors which are quite large in absolute terms, though small relative to population. Average income levels, however, are very low, with an enormous mass of peasants and workers reduced to near starvation level. Some smaller Asian countries, on the other hand, are relatively industrialized, and have experienced very rapid economic growth, while Japan is, of course, in another category altogether. Africa suffered the destructive effects of the slave trade over several centuries, but actual European penetration into most of the continent did not come until the 'imperialist' stage, much later than in Asia or Latin America. It is, in general, the least developed continent, with tiny industrial sectors and low levels of income, and is still ravaged by famine and disease.

Despite these differences, one could still talk, in the middle of the twentieth century, of a 'typical' underdeveloped country, with a small proportion of the population employed in modern industry,

and large, low-productivity, agricultural and service sectors. Wages and incomes are low (except for a small elite). Agriculture mainly consists of small peasant holdings, except where there are plantations producing for export. These peasant farms are no longer self-sufficient 'subsistence' holdings, but are integrated into the market system. Foreign trade generally accounts for a rather large fraction of total national income, with imports of capital goods, intermediate products and raw materials paid for by exports of primary products or labour-intensive manufactures. Export earnings also have to finance outflows of dividends, interest and royalties. Underdeveloped countries generally trade with advanced countries and not with each other. This pattern is clearly quite unlike that of an 'untouched' pre-capitalist economy, and is the result of incorporation into the world capitalist system. By the last quarter of the century, some underdeveloped countries were industrializing rapidly, and moving towards the structure of a typical advanced country, while others were stagnating.

The class structure of underdeveloped countries in the mid-twentieth century was distinctively different both from that of a pre-capitalist society and from that of the advanced countries, though in some places it was changing fairly rapidly towards the pattern of the developed capitalist countries. The small scale of industry and its domination by foreign firms with labour-saving production methods meant that the industrial working class and local industrial capital, important forces in advanced countries, were small. In their absence, the system was dominated by local representatives and affiliates of multinational companies, by trading interests and by landlords. The largest popular classes were the peasantry and the urban 'lumpenproletariat' of unemployed or casually employed workers.

Advanced and underdeveloped countries, then, are complementary halves of a very unequal world system, the product of a process of development stretching back centuries. At different stages in its evolution, and in different areas, it has taken very different forms. A complete theory of imperialism must account for all of them.

1.2 HISTORICAL MATERIALISM

The writers surveyed in this book share a common set of assumptions. All assigned a central role to the evolution of the economic system, and all agreed that imperialism must be explained in terms of the development of capitalism. This approach derives, of course, from Marx. In this section I will briefly summarize some of the elements of Marx's method, *historical materialism*.

Marx observed that production is always social; Robinson Crusoe is a myth. Seen from a technical, physical point of view (*the forces of production*) or in terms of the actual activity of work (*the labour process*), production is the activity of human beings working in the natural environment to modify it to meet their needs. As a social process, however, it also involves relations between people, the (*social*) *relations of production*, which govern access to the means of production and the use of the product. These relations are not a matter of deliberate choice; the organization of production in, say, Europe today is not the result of a conscious decision that wage-labour in capitalist factories is a better system than the serfdom of the Middle Ages or the slave system of Antiquity. It is the product of a long process of historical evolution. Marx argued that the analysis of society must start from the structure of social relations, not from individual choices or motivations:

In the social production of their existence, men enter into definite, necessary relations, which are independent of their will, namely relations of production corresponding to a determinate stage of development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation on which there arises a legal and political superstructure and to which there correspond definite forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life-process in general. (Marx 1976: 3)

Marx's assertion that the economic 'foundation' ultimately governs the 'social, political and intellectual life-processes in

general' is one of the most controversial aspects of his work. It does not seem to me to be useful to discuss it at a general level; the test is whether it can be justified by detailed analysis in particular cases. I propose to treat it as a working hypothesis, adopted for purposes of argument.

Marx insisted on the need for abstraction. Society is too complex to be grasped as a totality, an integrated whole, in a single step. Instead, we must isolate the simplest and most fundamental social relations and build up an abstract representation of how they work and how they fit together. Concepts developed in this way can then be used to construct an analysis of the real (or 'concrete') world. However, a single set of abstract concepts will not serve for the analysis of all societies. Marx praised the classical economists (of the late eighteenth and early nineteenth centuries, notably Smith and Ricardo) for recognizing the need for abstraction, but criticized them for applying concepts appropriate to the analysis of the capitalist economies of their time to all periods of history, failing to recognize the historical specificity of capitalism. Different stages of development are characterized by particular, different structures, and a separate process of abstraction is needed for each. A *mode of production*, in the abstract, is a simple, basic structure of social relations that is the starting point for the analysis of a particular stage of history. It is essential to Marx's approach that there are only a limited number of these basic forms.

Each mode of production (except the simplest, the primitive-communal, and the highest, the future communist mode) defines a pair of opposed *classes*, a class of producers exploited by a non-producing class. The relation between these two classes is the central, defining feature of the mode of production. At this level of abstraction, classes should not be thought of primarily as groups of people, but as opposing positions within a structure of social relations. In particular, a class cannot be conceived of in isolation, since it only constitutes a class by virtue of its relation to another class; there cannot be employers without employees, slave-owners without slaves, and so on.

Marx's original idea was simple and elegant. The various modes of production are successive stages in the history of human society. Each has its own structure and can 'reproduce' itself, that is, it can

maintain both the forces of production (by replacing used-up means of production, and so on) and the relations of production (by perpetuating the subordination of one class to another). The mechanisms of reproduction differ, of course, between different modes. The stability of each mode, however, is only relative; each generates development of the forces of production and, in the process, brings about changes in its own functioning that lead in the end to a breakdown of the existing structure and its replacement by the next in the sequence.

At a certain stage in their development, the material productive forces of society come into conflict with the existing relations of production. . . . From forms of development of the productive forces these relations turn into their fetters. At that point an era of social revolution begins. . . . In broad outline, the Asian, ancient, feudal and modern bourgeois [capitalist] modes of production may be designated as progressive epochs of the socio-economic order. (Marx 1976: 3-4)

Society, in this account, has evolved from a (rather nebulous) primitive-communal stage, through the ancient and feudal periods, into the capitalist societies of Marx's (and our) time, which will in turn be replaced by communism. The ancient mode is defined by the opposition between slaves and free, slave-owning citizens, while the feudal mode, in its classic form, involves production for local use by a class of unfree peasants or serfs who control their own subsistence plots, but are compelled, by extra-economic coercion, to support a class of feudal landlords.

The most frequently studied mode of production, the only one that Marx analysed in detail, is the capitalist mode, characterized by (1) generalized commodity production, production for the market by many distinct and uncoordinated units of production, together with (2) polarization of wealth, so a class of owners of the means of production confronts a class of free but propertyless workers. Ownership of the means of production excludes non-owners (workers) from production, except on terms acceptable to the owners. Workers have to sell their labour-power (their capacity to work) to capitalists in return for wages, which they spend on the

goods they need to live. Marx's analysis of capitalism is discussed in more detail in chapter 2.

Marx recognized that non-European history could not be fitted into this 'Eurocentric' succession of stages, and he introduced the Asiatic mode (discussed further in chapter 2) to deal with this problem. The point of the Asiatic mode is that it does not develop in a way that leads on to further stages, but tends to persist unless disrupted from outside. He also admitted that the succession of stages could be broken by outside influences, especially by conquest.

In all conquests there are three possibilities. The conquering nation subjects the conquered nation to its own mode of production . . .; or it allows the old mode to remain and is content with tribute . . .; or interaction takes place, which gives rise to a new system, a synthesis. . . . In all cases the mode of production – whether that of the conqueror or of the conquered nation or the one resulting from the fusion of the two – is the determinant of the new distribution that occurs. (Marx 1976: 27)

A real society cannot, in any case, be reduced to a single abstract mode of production. Marx argued that: 'In every social formation there is a specific kind of production that predominates over all the others, and whose relations therefore determine their rank and influence. It is a general illuminant tingeing all other colours and modifying their specific features' (1976: 39). Relations characteristic of several modes of production may be combined in a 'social formation' with one predominating. This idea has been revived recently (see chapter 10). Among other advantages, it makes a place for the 'petty-commodity' mode of production (production for the market by independent producers who own their own means of production), which has never predominated, and therefore cannot appear in a list of stages.

Once we regard modes of production as basic forms of organization which can be combined and elaborated in many ways in different historical circumstances, the range of possibilities becomes almost infinite. A limited number of modes can be

analysed carefully in (conceptual) isolation, then complications can be built in to analyse a rich variety of real situations. This is the scientific method; the discovery of simple ideas to elucidate complex problems.

What Marx left, in short, was not a complete interpretation of history, but a fragmentary outline of European history, an analysis of the capitalist mode of production, and some tantalizingly brief indications of how his analysis could be extended. It would be foolish to treat Marx's writings as holy writ. In the study of imperialism, a central problem is to analyse the interactions between initially very different societies, with different dominant modes of production. Marx's few writings on India and Ireland (discussed in chapter 2 below) are not particularly helpful, but his method has proved very fruitful, as I hope to show.

In an analysis of imperialism, the actions of (capitalist) states must play an important role. It is almost an axiom of Marxist theory that the state acts to defend the interests of the ruling class (the dominant exploiting class). There are many statements to this effect in Marx's writing, although he presented very little detailed analysis to support it. The state was one of the (many) topics he planned to work on and write about, but never managed to reach.

It is fairly easy to see why the state should act to preserve the broad outlines of the existing social system. The ruling class is normally well organized to defend its interests, and the higher level personnel of the state (politicians, bureaucrats, military officers, etc.) have a clear interest in preserving the existing state organization, which could hardly hope to survive a wholesale change in the social order. In any case, a failure to meet the essential needs of the dominant mode could only result in chaos and economic regression in the absence of a positive alternative. Support for the existing order does not imply unthinking conservatism. On the contrary, it requires constant adaptation to changing circumstances, and may mean acting against the interests of particular sections of the ruling class. It does not follow either, that the state will succeed in this task; circumstances may overwhelm it, and the historic role of stupidity and error should not be underrated.

There remain many alternative policies consistent with preserving the system. An assertion that the state acts in the interests of the 'ruling class' is not self-evident, and may not even be meaningful. There are always, in practice, divisions of interest within the capitalist class, so the interests of the class as a whole are not clearly defined. Some Marxists appear to believe in a special providence which ensures that state policies always coincide with the 'objective requirements of expanded reproduction', or something of the sort. This is ridiculous; policies are the outcome of clashing sectional interests within and across class boundaries, in a particular political and ideological structure. The state, it is often said, has a certain 'relative autonomy'. Some work has been done on these lines, but the construction of general theories is at a very early stage, leaving something of a gap in the theory of imperialism. In most of the theories discussed below, the focus is on an economic analysis which 'explains' policies by showing that they serve the interests of (major sections of) the capitalist class. I shall concentrate on the economics of imperialism, following the general trend of the literature. Economic issues are, at the least, an important part of the story.

1.3 THEORIES OF CAPITALISM AS A WORLD SYSTEM

Marxist theories of the development of capitalism on a world scale fall into two groups: those that concentrate on the progressive role of capitalism in developing the forces of production, and those that present capitalism as a system of exploitation of one area by another, so development in a few places is at the expense of the 'development of underdevelopment' in most of the world. Capitalism, according to the first approach, creates the material preconditions for a better (socialist) society, as well as the class forces that will bring it about, while the second approach suggests that it is precisely the failure of capitalism to generate economic development that makes revolution necessary. The historical record suggests that there is an element of truth to both of these opposed positions; capitalism has generated massive technological and

economic advances and also enormous geographical disparities in economic development.

The first of these views is broadly that held by the 'classical' Marxists, from Marx to Lenin and his contemporaries. It has been strongly revived in recent years. According to this account, the development of each country is determined primarily by its internal structure, specifically by the nature of the dominant mode of production. Capitalism, a system in which free wage workers are employed by competing firms, tends to generate economic development, while other modes do not (at least on the same scale). External forces have their effect primarily by altering the organization of production. Competition is at the heart of a classical Marxist analysis of capitalism. The largest, most efficient firms with the newest capital equipment are the most profitable, and can increase their lead, while weaker firms fall behind and the weakest are eliminated by bankruptcy or takeover. The threat of failure forces firms to maximize profits, to reinvest profits for expansion, and to seek out new methods of production, new markets, and new sources of supply. In pre-capitalist modes of production, by contrast, the exploiting class must, above all, maintain the basis of the extra-economic coercion which they exercise over the producers. As a result pre-capitalist systems are relatively static, dominated by custom, with the (potentially investable) surplus redirected into non-productive channels.

The expansion of capitalism constantly expands the demand for natural resources (minerals, land, etc.); this is one motive behind the geographical expansion of capitalism. Even with a static demand, development of transport and the search for cheaper sources of goods will tend to draw new areas into the capitalist orbit. The search for cheap labour is yet another motive for geographical expansion.

In the classical Marxist account, grossly oversimplified, capitalism emerged first in a few centres, generating capital accumulation and development there, and opening up a lead over the rest of the world without necessarily taking anything from it (though capital will always take what it can get). Capitalism spread, starting the same process in other areas. Different parts of the world are runners in the same race, in which some started before others. Any advantage gained by one at the expense of others is incidental.

The alternative view has been developed since the Second World War, notably by Frank and Wallerstein, as a response to the apparent failure of capitalist development in many parts of the world. In this view, the unit of analysis must be a world system, with differing geographical areas or nation states as mere component parts. Capitalism is not defined by a specific relation between classes, but by production for profit in a world system of exchange, and by the exploitation of some areas by others. The 'metropolis' or 'core' exploits the 'satellites' or 'periphery' by direct extraction of profit or tribute, by unequal exchange, or by monopolistic control over trade. In the periphery, ruling classes owe their position to their function as intermediaries in the system of exploitation, so they have an interest in preserving it and in preserving the corresponding patterns of production. Underdevelopment is not a state of original backwardness; it is the result of the imposition of a particular pattern of specialization and exploitation in the periphery. Within the world system, different forms of 'labour control' may be used: forced labour, wage-labour, slavery, and so on. The class structures of different nations, and particular forms of exploitation in production, are merely results of the place of the areas concerned in the world system, not the key determining factors (as they are in a classical Marxist analysis).

In this approach, oversimplified, capital accumulation is seen not as a precondition for genuine, qualitative advances in the level and methods of production, but rather as a redivision of a fixed magnitude, a transfer of resources from the exploited periphery to the centre. Development in some areas and the 'development of underdevelopment' in others are opposite sides of the same coin.

These two views involve quite different readings of history. In the classical Marxist view, capitalism started off in a few places and has since spread out geographically in a process of internationalization of capital, and has evolved through a succession of stages, with key turning points in the industrial revolution and when large-scale export of capital (not goods) started. According to Frank and Wallerstein, by contrast, capitalism as a world system dates from the sixteenth century, and has remained essentially unchanged ever since. The classical Marxists saw capitalism in dynamic terms, while their opponents saw it as a basically static system of exploitation.

The contradictions between these two views should not be overstressed, though they are very real. The world economy is a complex whole in which relations of production and exploitation exist both within and between nations. It may not matter much whether we say that underdevelopment is the product of external influences (which also determine a certain class structure and organization of production), or that underdevelopment is caused by a certain class structure and organization of production (which may be in whole or part the result of external influences). When we get to a more detailed level of analysis there are many theories that cut across this simple classification. It is, nevertheless, a helpful preliminary way of ordering the material.

The definition of the term 'underdevelopment' differs according to the approach adopted. In the classical view, underdevelopment is synonymous with backwardness, with an early stage of development. Frank and his followers, on the other hand, argue that an isolated country could not be called underdeveloped, as underdevelopment is defined by incorporation into a world system in a subordinate position. Whichever definition is adopted, there is little doubt as to which category to put any particular country in, so there is not likely to be much confusion. I shall use the term descriptively; an underdeveloped country is one that shows the general structural features of underdevelopment described in section 1.1 above.

Marx (chapter 2) concentrated on a closed and wholly capitalist economy in his main theoretical work. In a rather less formal way, he analysed the origins and expansion of capitalism within a single nation state. His importance to the theory of imperialism is primarily that he established a basic framework of analysis that other writers have built on. His articles on India make it clear that he saw British rule, however brutal, as ultimately progressive, because it laid the foundations for subsequent capitalist development.

Luxemburg (chapter 3) developed Marx's picture of the expansion of capitalism into the pre-capitalist societies that surround it. She advanced two explanations for this expansion. The first is that capitalist economies suffer a chronic problem of 'realization', that is of selling the products produced for sale, and must therefore seek markets abroad. This idea recurs in a variety of forms in the history of imperialism, and I shall refer to it as 'under-

consumptionism' (though Luxemburg's variant of it does not exactly fit the term). I shall argue that under-consumptionism is mistaken. She also argued that competitive pressures lead to expansion, in search of raw materials and cheap labour, and here I think she is right. In either case pre-capitalist 'natural' (non-market) economies cannot be penetrated by simple market competition, for lack of markets to compete in, and must therefore be broken open by force.

Hobson (chapter 4) was not a Marxist, but he deserves a mention in a survey of Marxist theories because his work has influenced many Marxist writers. He presented one of the first coherent accounts of imperialism (before Luxemburg). His version of under-consumption is the prototype of many, and he was one of the first to link the scramble for Africa and the intensified inter-imperialist rivalry at the end of the nineteenth century to the development of monopoly; this became a major theme of Marxist writing on imperialism.

Hilferding, Bukharin and Lenin (chapters 5 and 6), the main authors of what I will call the 'classical Marxist theory of imperialism' (since Marx did not discuss imperialism as such), wrote immediately before and during the First World War. In economic life, the main change since Marx's time had been the development of monopoly, fulfilling his prediction that the competitive process, with its constant elimination of smaller and weaker firms, would generate a tendency to monopoly. It remained, however, to analyse the results of this development. At the same time, there was a scramble for colonies, and intense antagonisms emerged between the main capitalist powers. All three writers stressed the formation of monopolies on a national basis, and the intensification of competition on a world scale between national groupings of capital. At the same time, they predicted an acceleration of capitalist development in backward areas of the world.

Hilferding's main contribution (chapter 5) was the concept of 'finance capital', the fusion of industrial and financial capital into huge interlocking groups. These groups do not compete with each other by price cutting: they enlist state support to gain control of whole industries by financial and political means. Most of the elements of a theory of inter-imperialist rivalry were worked out by

Hilferding, but his main focus was on the internal development of capitalist economies.

Bukharin (chapter 6) transformed Hilferding's analysis by setting it in the context of a world economy in which two tendencies were at work. The tendency to monopoly and the formation of groups of finance capital is one, and the other is an acceleration of the geographical spread of capitalism and its integration into a single world capitalist economy. Blocs of finance capital form on a national basis, because of their links with national states. Competition thus becomes competition between 'state capitalist trusts', with annexation and war as means employed in the competitive struggle. Lenin's pamphlet on imperialism (also discussed in chapter 6) follows Bukharin in most respects while avoiding the main issues of theory, and adding elements taken from Hobson. Lenin insisted that imperialism should be regarded as a stage of capitalist development, the monopoly stage, rather than being a policy of capitalist states or an aspect of the relations between capitalist states. This terminology can cause some confusion, since other writers (following everyday usage) used the term to refer specifically to international relations of dominance and exploitation. His rather obscure treatment of the reasons for capital export, which could be interpreted in terms of Marx's theory of the falling rate of profit, or in terms of under-consumptionist theories, has also caused confusion. Altogether, Lenin's pamphlet has been treated with a reverence it does not deserve.

The work of Baran (chapter 7) represents a turning point in the theory of capitalist development on a world scale. The classical Marxists, from Marx to Lenin, had expected full capitalist development, in due course, throughout the world. Baran argued that the destiny of the underdeveloped countries was distinctively different from that of areas that developed at an earlier date. Monopoly, he argued, leads to restriction of output and investment, and hence to low growth (in all parts of the world). In advanced countries output is high, and high monopoly profits depress workers' consumption, so there is a chronic shortage of demand (this is almost identical to Hobson's argument). In underdeveloped countries the 'surplus' is partly absorbed by the luxury spending of the ruling class, but much of it is transferred to the advanced countries (as profits), where it contributes to the problem of absorbing the rising surplus. Monopoly thus transforms capitalism

from a force for development into a cause of stagnation, both in advanced and in underdeveloped countries. In underdeveloped countries, however, there was no competitive stage, so they are 'frozen' at a low level of production and income.

Marxist and radical writings of the 1960s and 1970s were dominated by the idea that capitalism blocks development in the Third World, because the countries of the 'periphery' are dependent on the countries of the 'centre', a line of argument that became known as dependency theory (chapter 8). Frank was a central figure in the resulting debates. I shall argue that his theories have crucial weaknesses. Frank's conception of capitalism as a world-wide system of monopolistic exchange and exploitation has already been described. The main criticism of this approach is that it ignores the role of relations of production in determining both the dynamics and the class structure of the system. Amin incorporated a formal analysis of international exchange into an account of accumulation on a world scale. He argued that the impact of developed capitalism on less developed or pre-capitalist areas imposes a pattern of specialization that limits future development. His version of dependency theory improves on its predecessors by including an explicit treatment of 'unequal specialization'. Important weaknesses, however, remain. The determinants of the development of productivity in different areas remain unclear, and his version of dependency theory, like others, has under-consumptionist elements which seem to me to be mistaken.

Emmanuel's theory of 'unequal exchange' (chapter 9) has started a new line of its own. He too saw capitalism as a world system of exploitation through exchange, but in his model surplus can be transferred through trade in competitive markets, without monopoly. An essential component of Marx's theory of a closed capitalist economy is the establishment of a single general rate of profit and a corresponding set of 'prices of production'. Marxist theories of the world economy had no corresponding linkage between the analysis of production and of exchange, until Emmanuel provided a theory of the determination of prices of production in a world economy. The main assumption is that capital is mobile internationally, while labour is not. The main criticism of his analysis is that certain key variables (the pattern of specialization, productivity, wages) are not adequately explained.