

Book review of Malcolm Caldwell's *The Wealth of Some Nations*

November 18, 2018 | LLCO

Malcolm Caldwell was one of the only Westerners to visit Kampuchea (Cambodia) under the “Khmer Rouge” regime. He is mostly remembered as the academic activist who was assassinated in Democratic Kampuchea on December 23rd, 1978, shortly after interviewing Pol Pot. The Western media, starved for anything that could be used to discredit the Pol Pot regime and “communism,” jumped all over the incident as yet more proof that Pol Pot, like all “communists,” was cruel and insane. The anti-communists make no distinction between real communists and revisionists like Pol Pot. In any case, the true reasons for Caldwell’s death may never be known. Some claim, with little evidence, that the relationship between Caldwell and Pol Pot soured. They claim that Pol Pot had Caldwell killed in order to avoid the embarrassment that would result if one of regime’s most prominent Western supporters were to do a 180. Others say differently. According to some of his Western traveling companions, Caldwell continued his ardent support of the regime throughout his revolutionary tour. They say that his conversation with Pol Pot went well and that Caldwell was impressed with “Brother Number 1.” The regime’s official explanation, which got far less media attention, fits with this. The official explanation from the regime was that Caldwell was killed by a dissident, pro-Vietnamese faction in order to embarrass the regime’s leadership. The Vietnamese began their invasion of Kampuchea two days following Caldwell’s death. The “who done it” remains. In any case, Caldwell’s death gets more attention than his life, which is unfortunate because Caldwell penned several noteworthy books and articles. Published in September 1977, roughly a year before his death, *The Wealth of Some Nations* was the last book he wrote.

Caldwell’s book is complex and disjointed. The book itself digresses from its main topics, and it is not always clear how the digressions tie back to the main thesis. His book feels like two or three books — a book on the development of underdevelopment inside a book on the problems of peak oil inside a book on value and agriculture — all smushed together. This review is limited to some of the main topics Caldwell hits on. It is not exhaustive of the book’s many complex claims and digressions. The bulk of the book is a fair treatment of underdevelopment in the Third World. Caldwell rejects typical chauvinist views that see underdevelopment as a result of non-European barbarism. Caldwell specifically criticizes those First Worldists who see imperialism as progressive:

“Even some Marxists in the West were inclined to accept the need for advanced countries to exercise trusteeship over the backward until such time as the latter might in due course catch up sufficiently to be entrusted with all the responsibilities of self-government. Some went so far as to proclaim that even when the imperialist countries had undergone proletarian revolution they would need to retain their colonies for the economic advantages they yielded: these advantages, it was said, helped sustain Western civilization, which was then seen as the sole ultimate guarantor of progress for the peoples of advanced and backward countries alike.” (1)

Like Caldwell, both Lenin and Mao rejected the line that imperialism is progressive. This is why Lenin stated that capitalist imperialism was decadent. In other words, capitalism, in its imperialist form, had exhausted its progressive potential in the world. Lenin even described the relationship between imperialism and dependency thus:

“Since we are speaking of colonial policy in the epoch of capitalist imperialism, it must be observed that finance capital and its foreign policy, which is the struggle of the great powers for the economic and political division of the world, give rise to a number of transitional forms of state dependence. Not only are there two main groups of countries, those owning colonies, and the colonies themselves, but also diverse forms of dependent countries which, politically, are formally independent, but in fact, are enmeshed in the net of financial and diplomatic dependence...” (2)

Mao too held the view that colonialism and imperialism stunted the healthy development of countries. Mao's theory of New Democracy is conceived as a solution to the underdevelopment imposed by colonialism and imperialism. Yet the revolutionary view is often a minority one, even among those calling themselves “revolutionary,” there are many revisionists. Revisionists will tend to outnumber communists until we approach victory on a worldwide scale. Before 1917, on the world scene, revisionist social-imperialism and chauvinism ruled the day. Lenin was very marginal, for example. Today, real communism is in a similarly weak position. Fake Marxism, First Worldism, social-imperialism, social-fascism and chauvinism dominate. Whether such over-the-top chauvinism, that Caldwell describes, is asserted openly or not, these or similar ideas are implicit in the so-called Marxism of all First Worldists. First Worldists refuse to acknowledge that First World populations as a whole, including the First World workers, benefit significantly from imperialism. They refuse to admit that the quality of life of First World populations is directly connected to poverty and suffering in the Third World. Unless one is advocating for a reduction in the quality of life of the First World, one is advocating de facto imperialism. In fact, some First Worldist revisionists deride a just redistribution of wealth and power between countries as a “revenge line.” These First Worldists reject equality between countries if it reduces the standard of living for First World workers, which, of course, it does.

Caldwell exposes First Worldism as pure fantasy by giving First Worldists a lesson in the history of colonialism and underdevelopment. Caldwell asks why the countries of Western Europe were the principal imperialist players until the end of World War II, when the United States took over their role. Caldwell's explanation of the ascendancy of Europe, then the United States, and the First World, adds a twist to the familiar explanations found in other quasi-Third Worldist academic activists like Andre Gunder Frank, for example. Caldwell believes that only Western European countries were able to take full advantage of the emerging markets of the late middle ages. They were situated between the cold countries of Scandinavia and the warm countries of the Mediterranean. Their geography let them take advantage of the emerging world markets. They had access to the ocean, the highways of the emerging world system. So, when they discovered the New World, they were uniquely positioned to take advantage of its wealth.

“[A]rising from the seaward expansions of the 15th and 16th centuries onwards, the countries of western Europe were able to seize and concentrate in their own coffers a wealth of plunder of a magnitude far beyond any ever before imagined... To the gold and silver looted from Latin America, to the Dutch fortunes built on the bones of the Indonesian

people, and to British booty from India, aided in the trade of human flesh, supplying slaves to pioneering white planters and mine-owners in sparsely populated lands of recent settlement, such as the Americas. ” (3)

Caldwell quotes Ernest Mandel’s estimate that the total haul by the colonialists was over one billion pounds. This is an astonishing sum considering that as late as 1770, the British national income was a mere 125 million pounds. Leading Lights estimate this number to be much higher. This influx of value from the plunder and exploitation of the New World was the “primitive accumulation” that allowed western Europe to make the leap to industrial capitalism. (4)

Phases of underdevelopment

According to Caldwell, there have been several distinct phases in the development of underdevelopment since the eighteenth century. The first phase lasts from the beginnings of the industrial revolution in the second half of the eighteenth century until the last third of the nineteenth century. Caldwell describes this period. Industrial production is limited to the imperial countries of Western Europe (and to their offspring in North America). Surplus value is extracted from wage labor that is employed in large-scale manufacturing. On the edge of the emerging Euro-American world economy, the countries of eastern Europe, Asia, Africa and South America provide an influx of value to the coffers of the industrializing countries, mostly in Western Europe. Primitive accumulation occurs in numerous forms to the benefit of the peoples in the industrializing, imperial countries and to local compradors in the colonies. From the imperial countries, manufactured goods drown the colonial world. Along with imperial policies aimed at destroying colonial manufacturing, the flooding of local colonial markets largely eliminates many pre-industrial handicrafts and emerging industries in the colonial world. The colonial economies are transformed into very lopsided economies, dominated by export of a few items. In this period, transport over long distances is not fully mastered. Because of this, according to Caldwell, there is an opening for some countries outside of the western European world to make limited steps toward autonomous industrialization. For example, steps are taken in Russia, Japan, Spain and Italy. Elsewhere, autonomous industrialization is stunted by local compradors beholden to imperial interests. (5)

The last third of the nineteenth century marks the beginning of the next phase, according to Caldwell. A technological revolution is taking place, especially in transport and communications: the steamship, the electric telegraph, the opening of the Suez Canal, etc. This technological revolution combines with the growing release of capital, expertise and productive capacity in the imperial countries. Virtually all populated parts of the globe are linked by a world market. Western commodities travel everywhere, destroying the remaining bastions of handicraft production and emerging industry in the colonial world. The ability to generate vastly more capital allows the industrial countries to export capital on an unprecedented scale. This further undermines autonomous development across the colonial world. The exception here is Japan, where effective first steps were taken to prevent foreign investment. Export of Western capital stunts and aborts colonial development. Economic activity in the colonial or semi-colonial countries is subordinated to the interests of the Western imperialists. Only economic activities compatible with or complementary to imperial interests are permitted to survive in the colonial world: distribution of Western imports; purchase and delivery of small-holder cash-crop produce to Western warehouses to exit ports; clerical work in Western offices, banks, insurance; trading and agency houses,

services from the domestic to hotel-keeping, bars, casinos and brothels, etc; catering to the tourist trade; some construction; land dealing; small-scale machine repair, etc. Demand for raw materials explodes. Capital reaches out worldwide to replace older production and extraction methods. Britain moves directly into South Africa, the Malay states, etc. Raw materials begin a century-long downward slide in price from 1873 to 1973. Extraction of raw materials rapidly “modernizes” in the colonies. However, “modernization” of raw material extraction does not lead to developed, independent and balanced economies. Rather, it creates a situation where economies are stunted in an unbalanced and dependent pattern characterized by primary sector predominance, and by secondary and tertiary sectors specifically fashioned to facilitate imperialist exploitation of resources and labor. Because the economies of the colonial world fail to move forward, labor remains cheap. Thus the colonial world remains an attractive place for Western investors. (6)

The third phase emerges out of the “prolonged inter-war depression and the interlude between Britain’s relinquishing the reins of overall responsibility for maintaining the rules and momentum of the international capitalist economy and America’s picking them up.” (7) Technological change is accelerating, complex economic repercussions result. There is an increased conscious effort at international economic management and international economic integration for the benefit of the imperialist countries and their compradors and mercenaries in the now post-colonial Third World. It is this aspect that is described in 1965 by Lin Biao’s *Long Live the Victory of People’s War!* Inter-imperialist rivalry has become less acute. Integration of imperialist interests makes it difficult for revolutionary forces to play imperialists against each other. Instead, the popular classes in the Third World stand against the First World as a whole. Rapid industrialization is increasing in much of the Third World in the post-war period. However, it is an industrialization of a particular type. Much of it undertaken by multi-national corporations in order to gain the benefits of super-exploitation of labor and resources. Such industrialization does not break the curse of underdevelopment, it only continues it. Comprador states in the Third World savagely repress the labor force using the police, military and paramilitary, often trained and armed by the imperialists, especially the United States. There is also a rise in state-run Third World enterprises. This is a rise in what Maoists have described as the “bureaucrat-capitalist” aspect of Third World economies. Industrialization in the Third World is to the benefit of the First World, directly or indirectly. Nowhere in the Third World is there an experience of industrialization that fits the model of fully autonomous national development. Instead, what is seen is a highly specific pattern of dependent underdevelopment. (8)

Dependency in this phase has several other features. One is the reliance on foreign aid and loans, which leads to a dependence which grows over the passage of time. The imperialists giving out the aid and loans are, naturally, the ones with the power. Aid and loans come with a great deal of conditions attached. These conditions are not to the short- or long-term benefit of the recipient country. Aid and loans mostly just benefit comprador elites and the imperialist countries themselves. Aid and loans are a way that imperialists exercise increased control over their semi- and neo-colonies. It is also a way that imperialists buy support in the international community. It can also be a way that they strong-arm Third World countries into granting them access to build military bases on Third World soil. Caldwell points out that aid and loans have a “hard economic purpose: construction of infra-structure vital for modern sophisticated investment projects; restriction of local credit to reduce local competition and to preclude local state activity in areas deemed profitable terrain for ‘market forces’ (namely, foreign investors) to

operate in; dictation and imposition of legislation granting favorable conditions to foreign investors; and the like.” (9) Another feature of dependency in the post-World War 2 period is the increasing scale of the economy in effectively foreign hands. In places like Kenya or Malaysia, foreign-owned plantations take the lion’s share of the arable land. This creates the problems of poor and landless peasants who have a harder and harder time supporting themselves as they are squeezed out of the traditional economy. The suffering of the peasantry is only made worse by the ecological problems and famine that can result when plantation methods replace traditional farming.

Another feature is the presence of foreign advisers whose mandate is very far from the interests of the vast majority of the Third World population. These advisers can be expert personnel stationed in a Third World country to make sure that the country stays on a path that benefits the imperialists. They can be made up of foreigners from the First World countries, mercenaries, or local populations trained in the West in order to help manage the imperialist domination of their country. In the most notorious cases, advisers are military or armed mercenaries stationed in a Third World country to help maintain a dictatorial order over the local population. Or, they can provide training to or act as local “death squads” to roam the countryside and universities, killing suspected dissenters and poor peasants. (10)

Finally, Caldwell points out that another feature is that the way that domestic capital behaves in dependent, neo-colonial industrialization is much different from its behavior in past industrializing processes. This is true for a number of complex reasons. However, the outcome is clear enough, according to Caldwell. Local capital, although participating in the industrial sector, tends to wash back into its traditional and less productive or non-productive uses, such as land speculation, usury, services, etc. A true national capital does not develop. In other words, this industrialization process is not typically moving Third World countries in the direction of First World countries. (11)

First World wealth = Third World poverty

Caldwell notes the causal links between the wealth in the First World and poverty in the Third World:

“Once industrialization was securely launched, and the working class of the pioneering countries had begun to gain some benefit from it (partly by means of their own struggles; partly as a consequence of unequal exchange), a number of key indices edged upwards...on average, and smoothing the trends, we can see that over a long period of time in the richer countries of the world there have been improvements in the standard of living of the population as a whole. This shows up clearly when one looks at long term series of figures...” (12)

“Certain measurable socioeconomic changes have hitherto invariably accompanied development (as conventionally understood) and growth. It is not difficult to demonstrate that during the colonial period in the subject countries many of these indices were moving in the opposite direction to that associated with development. For instance, the percentage of the population in the primary sector frequently rose, as in Java. Or literacy rates fell, as in Burma under British rule. Or calorie and protein intake per capita per diem fell; this was quite common, if not universal.” (13)

“[F]rom the earliest period of European expansionism and imperialism, we should note that today an international system of ‘unequal consumption’ exists, a kind of protein

imperialism, whereby the peoples of the rich countries in a literal sense take food out of the very mouths and bellies of the poor...” (14)

Just as the masses in the underdeveloped world are consigned to poverty, the populations of the “overdeveloped” world gain access to a higher quality of life. Caldwell states that “a handful of countries have been able to construct and benefit — workers and rulers alike — from an elaborate system of unequal exchange condemning the poor of the poor countries to a poverty frequently referred to by Western scholars and liberals as ‘hopeless’...” (15) Because First World workers benefit from the underdevelopment that imperialism creates in the Third World, First World workers align with imperialism against Third World popular classes. This results in the breakdown of internationalism between First World peoples and Third World peoples. Lenin called this the “split in the working class.” Caldwell quotes Arghiri Emmanuel on how, when their imperial privilege was threatened, the French workers in Algeria aligned with imperialism against the national liberation movement:

“It was the European proletariat of Bab-el-Oued (previously a stronghold of the Algerian Communist Party) that mobilized in defense of French Algeria and supplied the OAS killers. For them it was a question of life or death. Their privilege was their quality as Europeans or whites. Algeria as a French dependency guaranteed them European, or French, wages in an underdeveloped country. They earned in a few days what an Algerian earned in a month... ‘La valise ou la cercueil’ — the suitcase (for an escape to France) or the coffin — was the saying that related to their problem alone.” (16)

This pattern is repeated again and again. Friedrich Engels referred to this phenomenon as the bourgeoisification of the working class. Lenin described this bourgeoisified, reactionary class as the “labor aristocracy.” The waged class of the First World does not constitute a proletariat in any meaningful sense. They are not a social base for socialist or communist revolution. They are an exploiter class that receives more than its share of the global social product. Like the bourgeoisie, First World workers appropriate value created by Third World producers. Just because the exploitation is not always direct does not mean it is not exploitation. And, when First World privilege is threatened, First World workers move toward fascism, not internationalism.

Bourgeoisification of the First World population as a whole accompanies the growth of the non-productive sector, as Caldwell points out. For Marx, non-productive labor is labor that does not contribute to the global social product; it does not create value. First World peoples consume more and more, yet produce less and less. This is the growth of the First World mall economy. First World economies can be seen as akin to malls. Very little is produced at the mall. Yet many people are employed in management, in distribution, and in services. However, the value that allows the mall to exist is produced outside the mall, in the Third World. Caldwell too points out that “overdevelopment” in the First World has meant a growth in the nonproductive sector to gross proportions.

Resource entropy

Parts of Caldwell’s book feels very contemporary, some are dated. Caldwell was many decades ahead of his time in his discussion of ecological topics. Caldwell points out that the behavior of humans on their environment, the generation of energy and its allocation to human purposes, does not escape the laws of physics, especially the second law of thermodynamics, entropy. Caldwell has an extended

discussion of diminishing energy reserves, including “peak oil” and “peak coal.” In 1977, Caldwell places peak oil production “in the next 50 to 100 years.” And, anticipating the current oil wars, Caldwell writes, “as peak production approaches there must be fierce competition for control over remaining reserves...” (17) Caldwell’s prediction of the peak production years roughly corresponds with other estimates of peak production. For example, the Association for the Study of Peak Oil and Gas predicts that peak oil production worldwide is in 2010. (18) Caldwell points out that the affluence enjoyed by the First World is based on its supplies of fossil fuels and other non-renewable resources, all of which are declining. Caldwell makes the point that “overdeveloped countries are dependent on the continued net flow of non-renewable real resources... from the underdeveloped countries, for the populations of which this represents an obstacle to their autonomous development.” (19)

“The fossil fuels are, however, in finite supply, and while we may substitute energy derived from other sources to power machines — sources such as solar energy, nuclear power, and subterranean heat — there is no known or even theoretically conceivable substitute for the fossil fuels in enabling the production of food to remain at its present volume, a volume much in excess of the optimum ‘natural’ one which would be possible in a world unable to call upon carbonaceous reserves (fossil fuels) we are currently squandering. It follows that we either conserve — as far as possible — the remaining fossil fuels for agricultural purposes in order to postpone and make more ordered re-adjustment to a world economy independent of them.” (20)

Caldwell also makes the point that First World food production, which is unsustainable and relies on imperialism, has terrible consequences for underdeveloped countries:

“An overdeveloped country, then, is one in which the forces of production have developed to the point that, regardless of the prevailing relations of production, it must be a net importer of proteins and hydrocarbons over time if it is to maintain or improve upon a certain level and type of consumption per head of its population.” (21)

“The overall picture is roughly this. The poor underdeveloped countries as a whole annually send to the rich overdeveloped countries as a whole something like 3.5 million tons of high-quality protein (fish, oil cakes, peas, beans, lentils, etc.), while in return the overdeveloped countries ship to the underdeveloped about 2.5 million tons of gross mainly grain-based protein. Africa exports about 2.5 million tons of ground nuts; Peru fish; Mexico, Panama, Hong Kong and India shrimps; in each case at the expense of their own poor, who — the exports retained and fairly distributed — could take a giant stride towards nutritional adequacy. In contrast... Denmark imports huge quantities of oilseed cakes and grain to support livestock (for their milk, butter, cheese, meat and eggs); annually, Denmark takes 140 pounds of proteins per head of her population, three times the Danish average annual protein consumption. Here we have the typical prodigality of overdevelopment. It has been calculated that the same amount of food that feeds 210 million Americans would feed 1.5 billion Asians on an average Chinese (that is, in Asian terms, a good, adequate and nutritious) diet. Animals must consume an average of ten pounds of plant protein to produce one pound of meat protein, while for cattle the ratio is as high as 21:1, which means that every pound of steak consumed in overdeveloped countries could (in theory) provide an equal amount of protein for twenty other people. American consumption of meat absorbs an amount of protein equivalent to 90% of the world’s annual protein deficiency.” (22)

“Overdevelopment” of the First World entails terrible suffering for the vast majority of humanity in the Third World. In addition to being unjust, the current distribution of value and energy worldwide simply cannot last forever. The continued existence of the First World is not only intolerable on moral grounds, but is intolerable to the laws of physics. First World energy use and food consumption is not sustainable. The First World, and its decadent way of life, will end one way or another.

What is to be done?

Caldwell points out that economic road of the First World is simply not available for the Third World:

“Are the countries presently intent upon attaining higher living standards really supposed to model themselves on the first industrial countries? This would entail their annexing colonies the non-renewable real resource endowments of which are yet virtually untouched. Aside from whatever difficulties might attend annexation, all that need be said is that, as a result of development of the already rich countries, no such untouched areas exist in today’s world.” (23)

“[W]hat has taken place historically in the way of a net movement on a massive scale of non renewable resources from the poor countries to the industrialized cannot be reversed.” (24)

The non-renewable resources for the Third World to develop into the First World do not exist. And, Third World countries today are, because of centuries of underdevelopment, starting with already depleted non-renewable real resource base. The world of cheap raw materials will be a thing of the past as peak production is reached. (25)

Although Caldwell is a bit of a fence sitter because he is unable to remain consistent in his criticism of the First World workers, Caldwell still has much to offer. If Caldwell was more honest, he would be a full Third Worldist. In this regard, Caldwell suffers from the same lack of courage as Hayter and other fence sitters. However, Caldwell is clearly correct in recognizing that the road to development in the Third World is armed struggle. His book concludes by describing many examples of successful, autonomous development in the Third World, especially Southeast Asia. However, Caldwell writes from a very different time. In 1977, many had not recognized the reversal of socialism that had taken place in China and Vietnam. In China, the Maoist revolution ended its forward progress in 1971 with the fall of Lin Biao, the end of the global people’s war line and the scuttling of the radical Maoist economic advance unofficially known as the “Flying Leap.” China began aligning with the West, reversing the purges of the Cultural Revolution, and backing away from radical Maoist economics through the 1970s. Lin Biao’s fall was the major, shattering moment. The further reversals in the 1970s were whimpers by comparison. Mao’s death and the rise of Deng Xiaoping were the final nails in the coffin. And, Vietnam’s socialism was stillborn due to the influence of revisionism and Soviet social-imperialism.* At this time, when socialism was fading elsewhere, after waging a heroic war against genocidal U.S. imperialism, the Khmer Rouge seemed to be pushing forward with a radical attempt at social revolution. In 1977, Caldwell’s hope, like many others, rested with the apparent radical social proposals advanced by the Khmer Rouge. However, this hope would be revealed as misplaced when the errors of the Khmer Rouge were revealed after their regime collapsed when the Vietnamese invaded and occupied their country. Even though Caldwell was wrong in lauding the supposed “success” of the

Kampuchean state, Caldwell was correct in recognizing that the way to development is armed revolution and socialism. Today, this is the path of the global people's war, under the banner of Leading Light Communism.

* We have recently updated our stance on Soviet revisionism and revisionist theory in general. In short, while revisionism set the Soviet Union and other allied socialist countries on a path to capitalist restoration, this was a process that did not reach its conclusion until at least a few decades later. Read the full article here.

Notes

1. Caldwell, Malcolm. The Wealth of Some Nations. Zed Press London: 1977, p. 51
2. Lenin, 1967, Vol. 1. pp. 742-743
3. Caldwell, p. 55
4. Caldwell, p. 55
5. Caldwell, pp. 54-59
6. Caldwell, pp. 54-59
7. Caldwell, p. 58
8. Caldwell, pp. 54-59
9. Caldwell, pp. 60-61
10. Caldwell, pp. 60-61
11. Caldwell, pp. 59-62
12. Caldwell, p. 109
13. Caldwell, p. 69
14. Caldwell, p. 93
15. Caldwell, p. 92
16. Caldwell, p. 92-93
17. Caldwell, p. 13
18. http://en.wikipedia.org/wiki/Predicting_the_timing_of_peak_oil; Caldwell, p. 12
19. Caldwell, p. 108
20. Caldwell, p. 13
21. Caldwell, p. 98
22. Caldwell, p. 103
23. Caldwell, p. 68
24. Caldwell, p. 68
25. Caldwell, p. 71