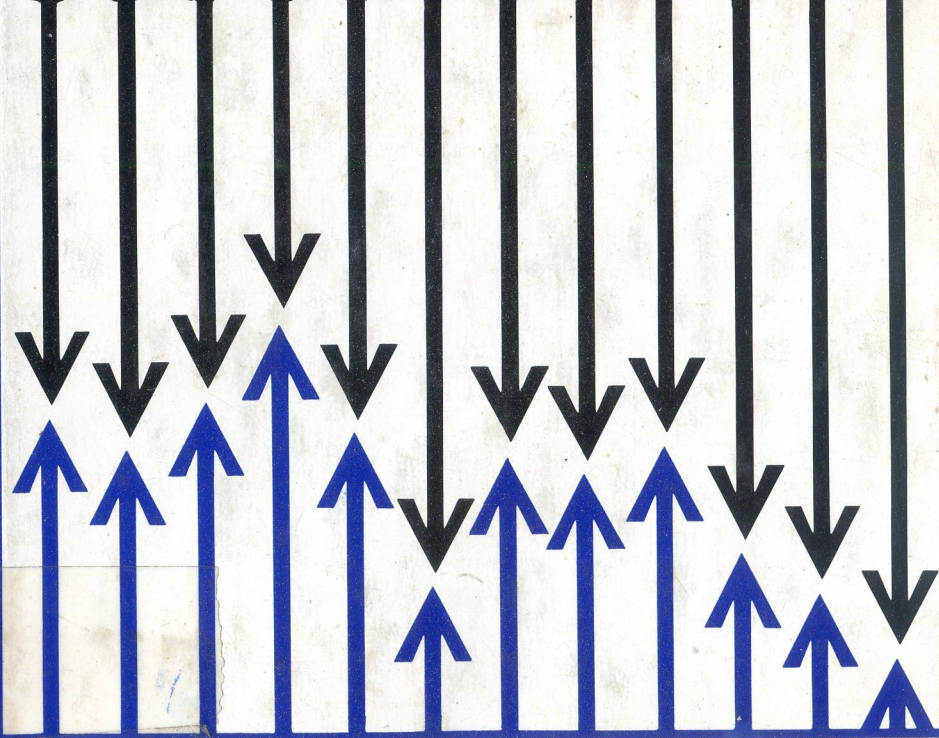


IMPERIALISM & UNEQUAL DEVELOPMENT

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ESSAYS BY
SAMIR AMIN

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Imperialism and Unequal Development Essays by Samir Amin

This collection of essays elaborates and applies the ideas developed by the author in *Accumulation on a World Scale* (MR Press, 1974) and *Unequal Development* (MR Press, 1976).

Marxism, according to Samir Amin, "is neither an economic theory, a sociological theory, nor a philosophy, but the social science of revolutionary socialist praxis." It follows that the renaissance of Marxism that has characterized recent years has had its origins in those parts of the world which have been and continue to be the scene of decisive revolutionary struggles—the exploited and oppressed periphery of the world capitalist system, primarily Asia, Africa, and Latin America. And it is this renaissance of Marxism with which the author deals and to which he makes a vital contribution in these lively and eminently readable essays.

The book is divided into three parts, entitled, respectively, "Historical Materialism: Capitalism and Socialism," "Imperialism and Underdevelopment," and "Problems of Transition and the Construction of Socialism." The range of topics is thus extraordinarily wide, and in every case the treatment has the freshness and originality that readers have come to expect from Amin. His overall conclusions

(continued on back flap)

IMPERIALISM
and
Unequal Development

by Samir Amin



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Introduction

The chapters of this volume were all written in connection with discussions provoked by *Unequal Development*.¹ This new book accordingly follows the line of thought of the earlier work, which is opposed to economism and a West-centered outlook. These studies in fact should be viewed in relation to the general perspective of the rebirth of Marxism, which itself flows from the radicalization of the anti-imperialist struggles.

1. The rebirth of contemporary Marxism

The last fifteen years will certainly be counted as important in the history of the development of socialist thought. The extraordinary rebirth of Marxism has indeed been in contrast to the crisis of the dominant ideology. This rebirth follows a long empty period marked by Stalinist dogmatism and tempered by the attraction that the technocratic ideology of triumphant "apoliticism" exercised, at first covertly, then openly from 1953 on. The eclectic compromises of the fifties flourished briefly; since at least 1965 a vigorous Marxist thought has begun to leave them behind.

The reason for this renewal should be sought in the development of the mass struggle for socialism, parallel with the deepening crisis of capitalism.² For the development of Marxism is never the result of the autonomous progress of academic thought isolated from social reality. The orientation of China since 1950 (very different from that of the USSR), culminating in the Cul-

2 Imperialism and Unequal Development

tural Revolution, permitted for the first time a criticism from the left of the Soviet experience. This appears to have been fundamental. Isn't it characteristic that up until then every critique of Soviet reality, even that of Trotskyism, was unable to divest itself of anticommunism! The Twentieth Congress should have been the great revenge of Trotskyism, the base for its further progress. It had no such effect: the continuing sterility of Trotskyism derives from its inability to go beyond the deceased "prophet," to transcend the economistic positions of his epoch. Trotsky's economism is testified to by his "regret" over the defeat of the German revolution, his affirmation of the necessity for "socialist accumulation" (i.e., "catching up in order to surpass"), thereby reproducing the divisions of labor specific to capitalism and breaking the worker-peasant alliance of 1917 in order to finance this model of industrialization at the expense of the peasantry. On this terrain Stalin was the victor.

The Chinese experience allows us to transcend the narrow debate concerning the "methods" of this type of "socialist construction." In formulating from the beginning a radical critique of the objective—in other words, in refusing to reduce socialism to a "capitalism without capitalists" and, instead, calling into question capitalist models of industrialization, technology, organization and hierarchy, division of labor, urbanization, consumption, education, etc., and in revealing the non-neutral character of these models, China had to view in a radically different manner the entire problematic of the transition to socialism.

This critique of the economistic positivist interpretation of Marxism, an interpretation triumphant in the period of the Second and Third Internationals, opened the way for a return to Marx. This could find only a favorable echo in the developed West, where the Soviet model had little to offer. The dissatisfaction felt by the consumer-oriented masses in the West, the crisis of the civilization of mature capitalism, was able at last to express itself in authentically socialist demands. The fact that the world capitalist system had begun to enter a structural crisis even before Europe and Japan "caught up" with the United States—that is to say, the fact that the economic base on which rested the prosperity of the last twenty-five years was collapsing—and the accentua-

tion of social struggles accompanying this crisis since 1968 (notably in France and Italy) have advanced the prospects for this renewal.

At the same time, the Chinese experience made necessary a rethinking of the respective roles of the center and the periphery in the development of capitalism. The national liberation movements of the forties and the fifties, which left little margin of choice between the development of national capitalism and imitation of the Russian model, were bound to be replaced by the attraction of a new vision, reinforced by the successes of Vietnam. I would like here to indicate the lines of this renewal that appear to be the most promising.

The critique of economism has allowed the rediscovery of the unity of Marxism, which is neither an economic theory, a sociological theory, nor a philosophy, but the social science of revolutionary socialist praxis. This critique starts from many, often modest, points. The internal critique of marginalist economics, with which are associated the names of non-Marxists such as Sraffa,³ was one point of departure. This critique undermined the attempts at an alleged synthesis of Marxism and marginalism which the attraction of the technocratic vision of the fifties inspired in the West as well as in Russia.⁴ This attempt expressed, in fact, the class character of the Soviet mode of production and, concomitantly, the positivist reduction of Marxism. It culminated in the theory of the "convergence of the systems" in which Tinbergen saw the triumph of the "natural" laws of economics, independent of social systems. The bankruptcy of this eclecticism led to readdressing the problem of the "transformation" of values into prices. This question was posed by Engels himself when, in the preface to the third volume of *Capital*, he invoked a positivist interpretation of the problem, giving the law of value a real historical existence prior to that of prices of production. Further contributions were made on the question between 1910 and 1930—contributions which raised more questions than they answered—and then, beginning about 1930, the topic was buried. This problem is closed today, insofar as the profound nature of the critique of economism has been rediscovered.⁵ To go beyond these false questions the nature of

the relations between the ideological factor and the economic base must be understood; in particular, it must be understood that these relations in the capitalist mode of production are neither unilateral nor identical to the relations in those modes of production which historically preceded capitalism.⁶

The rediscovery of the works of the young Marx, particularly *German Ideology*, was decisive here. This rediscovery was, moreover, thrust upon us from the time the Chinese envisioned these relations in a manner entirely different from that to which the mechanistic Soviet approach had led. Althusser, in denying the Marxist character of alienation, made a final attempt to save Moscow, and yet he contributed by his very efforts to the definitive liquidation of the positivist heritage which he pushed to its extreme limits.⁷ This decisive progress now allows us to say that a series of essential questions concerning historical materialism are settled, notably questions concerning modes of production, social formations, the articulation and domination of modes, the nature of the dialectical relation between the superstructure and the infrastructure, the nature of precapitalist religious alienation and of capitalist market alienation.

It was in this way that the break with economism was made. One could correctly pose a whole series of problems, among them the following: (1) The analysis of capitalism in the contemporary center, its particular mode of reproduction at a stage in which the contradiction between the social character of the level of development of the forces of production and the restrictive character of the relations of production makes it necessary to go beyond the reproduction schemes of volume 2 of *Capital* to envision the active intervention of the state in the process (an analysis begun by Baran and Sweezy, to whom we owe the useful concept of the "surplus" of contemporary monopoly capitalism).⁸ (2) The analysis of class alliances in the history of capitalism and their transformations in relation to political and ideological history, particularly that of social democracy.⁹ (3) The critical evaluation of the strategies of the workers' movement resulting from (1) and (2), and particularly a critique of "frontism" and the forms of working-class organization defined by Lenin in *What Is To Be Done?* (a critique developed in Italy by the *Manifesto* group). (4)

The critique of contemporary capitalism in its different aspects, principally the division of labor and its devastating effects, urbanism, etc. (5) The critique of the eclectic attempts of Freud-Marxism (Reich) and of the Frankfurt School (the Marcusean philosophy of *One-Dimensional Man*,¹⁰ the aesthetics of Adorno, etc.), hardly begun, and corresponding to these new fields of Marxist insight, the evaluation of the irruption of youth (and of the problems of the function of education in reproduction), and of feminism. (6) Last but not least, the analysis of the unequal development of capitalism and the discussion concerning the periodization of the history of the world system.

Since the Russian experience had been surpassed on the left by China, it was the entire problematic of the world system that had to be reexamined. The obstacle on which Trotskyism had foundered could now be overcome. Here again the movement began from modest points of departure, related to real social changes, notably "national liberation" and efforts at "development." The failure of development strategies which accepted the axiom of integration into a world system (the populism and *desarrollismo* of Latin America) led to the formulation of the "theory of dependence," a formulation which was still confused, seminationalist,¹¹ and semi-Marxist. The meager results from transposing the lessons of the USSR to the "Third World" (which is the content of the "noncapitalist" way, of which Egypt is the clearest example) insistently called for putting in question the linear vision of historical development which is common to the bourgeois scientific ideology and to dogmatic pseudo-Marxism. At the same time there began the crisis of the world system obliging us to reexamine received ideas concerning the periodization of the system's history. In all these areas decisive progress has been made in recent years. An analysis (still in limited terms) of models of reproduction on a world scale, which has nevertheless permitted the clear elucidation of the concepts of center and periphery and the integration of contributions until then scattered and poorly formulated (such as that concerning unequal exchange), leads one to restudy the history of the birth, development, and transcendence of capitalism on a world scale. The Eurocentric point of view has finally been transcended, and at-

tempts have been made to produce general formulations in terms of the unequal development of civilizations. At the same time ancient debates, launched fifty years too soon, have reappeared on the scene. The rediscovery of Chayanov and of the debate concerning the modes of production called "Asiatic," should be included in the list of areas of decisive progress.

This is not, of course, an exhaustive account of the progress achieved, and the lines of development of this renewal in the future depend principally on the vigor of the action of the masses which the deepening of the crisis will certainly entail. Our personal contribution to this renewal can be found in essence in *Unequal Development*. This is not the place to account for the route which led from a largely economic critique—which remained within the framework of both conventional economic theory (in particular, treatment of underdevelopment) and the experiences of the politics of "development"¹²—to a unified formulation which, despite its limitations, seems to have really returned to Marx.

Certain chapters of this work are by way of an introduction which call for further debate; others, in contrast, conclude debates which appear closed, at least provisionally.

I would like to begin by noting the principal debates which appear closed. The first debate is that concerning the nature of the relations between ideology and the infrastructure in precapitalist modes of production and the reaffirmation of the problem of alienation in the capitalist mode. It is on this basis that one must formulate simultaneously what is the communist project on the one hand and the Orwellian perspective of 1984 on the other.¹³ It is also in relation to this reformulation that we can consider closed the false economic debate concerning the "transformation" of values into prices.¹⁴ This latter is the debate concerning the law of accumulation and the status of the value of labor power. Here again it seemed necessary to distinguish the level on which the analysis is being conducted: the dialectic of objective forces (models of accumulation in volume 2 of *Capital*) and subjective forces (class struggle) cannot be examined in the same manner at the abstract level of the capitalist mode of production, at the concrete level of the capitalist formations of the center

(where the struggle and alliances of classes must be dealt with), and at the level of the world capitalist system as a whole. This formulation resolves the question of international unequal exchange by bringing forth the preeminence of world values. At the same time the question of the critique of conventional "economics" (and its manner of viewing the problems of money, the cycle, conjuncture) and of the technocratic technology is also settled. A third family of debates equally closed is that concerning the discussions of underdevelopment. We have now gone far beyond the gross stupidities of Rostow, both in their American version and in that of Moscow. We definitely understand the functions that the periphery has filled in the course of the process of the worldwide expansion of capitalism, as well as the nature and the forms of dependence and of unequal international specialization.

Those are the settled questions. By contrast the problems raised in the first chapter of *Unequal Development* consist of a systematic statement, of a hypothesis situated in the framework of historical materialism. It is thus that our system of concepts must be understood: modes of production, social formations, articulations of modes and domination of one among them, factors and domination of one of them, etc. This system seems to have permitted the reformulation of the problems both of the birth of capitalism and of its decadence and its transcendence.

The first of our current concerns is the reformulation of the periodization of the history of capitalism. We see two sets of periods. One is of expansion (1815-1840, 1850-1870, 1890-1914, 1948-1967) characterized simultaneously by a pattern of accumulation (leading industries, form of competition, status of the firm), a corresponding type of class struggle and alliances which defines the nature of political life, a pattern of the system's expansionism and of hierarchization which determines the role of the periphery and the nature of international relations. The others are periods of crisis and reconstruction (1840-1850, 1870-1890, 1914-1948, 1967 onward) which constitute the passage from one pattern to another.

It is in relation to this problematic of periodization that we want to view the question of the decadence of the capitalist system and

of the present crisis. The nature of this decadence and forms of its expression should be looked for as much in its most recent expansionist phase (1948-1967, which we call the "time of illusions") as in the two periods of crisis (1914-1948, and 1967 onward).

The analysis of the current crisis is our dominant preoccupation. The debate on the alternatives—1984 (in the singular or plural) versus new openings in the direction of socialism—and the examination from this point of view of the strategies relevant to southern Europe, the Arab world, and Africa are current and urgent matters. It is clearly to understand this area that *Unequal Development* is being completed by a study of the relations between the capitalist mode of production and agriculture. We propose then a rereading of *Capital* (noting that the chapters concerning the rent of land invite the passage from the framework of the capitalist mode of production to that of capitalist social formations) and a new critical reading of Kautsky, Lenin, and Chayanov on the "agrarian question."

The second area implied by the development of historical materialism concerns the deepening of the examination of the relationship between ideology and infrastructure. The critique of Freudo-Marxism and of the Frankfurt School is on the agenda here.

2. The fundamental question of our time: imperialism

The nature of imperialism constitutes the central question of our time. This should in fact be the central question for all proponents of socialism, in the imperialist metropolitan centers as well as in the dominated peripheries, and should certainly not be the overriding concern of the Third World alone.

The connection which Lenin established—in *Imperialism, the Highest Stage of Capitalism*—between imperialist exploitation of the dominated peoples and social-democratic ideological hegemony over the working class of the imperialist centers has already been forgotten. Social-democratic ideology (social-imperialist would be a more appropriate term) implies the exist-

tence of "socialism" at home and imperialism abroad. Since things can obviously not be artificially separated in this manner, the socialism in question becomes a state capitalism (covering itself, when necessary, with the cloak of "self-management") which is a direct extension of capitalism—it perpetuates the capitalist division of labor (idealized as a necessity imposed by the productive forces) and, concomitantly, relations of domination (witness the permanence of the state) and of the extraction of surplus labor from the immediate producers. The hegemony of bourgeois ideology, which expresses itself here in a "Marxist" guise, thus makes it possible to associate imperialism with this "socialism." It is then alleged that the dominated peoples cannot initiate far-reaching advances because their productive forces are not sufficiently developed—revolution can come only from the working class of the centers.

This view of the world, which is West-centered and linear, is not only that of the dominant working-class parties of the centers (socialist and "communist"). The extreme left, crippled as long as it remains isolated, sectarian, and predominantly intellectual, vacillates incessantly between extreme positions, either (even if this is unconscious) social-imperialist, or (in reaction) "Third Worldist."

The "left" version of the social-imperialist position of necessity takes on the appearance of the "ultraleftist" position which in fact, here as everywhere, links up with the right. It resorts to the most erudite formulations to deny the fact of imperialist exploitation. The debate concerning unequal exchange has shown how words are used to mask realities. There are those who explain, without sensing how ridiculous and odious their arguments are, that the proletarian in the periphery is "less exploited" than the worker in the center, although his wage for operating the same machine and producing the same product (i.e., with the same productivity) is ten or twenty times lower! They pretend not to be aware of the mechanisms of formal domination that make it possible to extract absolute surplus value from peasants transformed into quasiproletarians in their homes.¹⁵ They can then no longer understand that these peoples, by revolting against imperialism, have done more to advance the cause of socialism than

anyone else until now. They smugly denounce these revolutions as *jacqueries* with a bourgeois content! At the same time, they regard any reference to the corruption of sizable strata of workers in the center as sacrilege—and yet, Lenin used to speak in this connection of rot and decay.

Others are more naive and continue to view the world as a juxtaposition of more or less advanced capitalist societies. This enables them to repeat untiringly: the class struggle before all else! This banal truth becomes foolishness when they fail to specify the content of each class struggle, when they refuse to understand how imperialism determines the framework and the conditions of class struggle in the center as well as in the periphery. For the concrete analysis of the contradictions in the periphery—their relative weights and interconnections, the evolution of the alliances between imperialism and allied classes in the Third World—they substitute catch-all slogans which sometimes have a “Chinese” ring (such as “the struggle against imperialism passes by way of struggle against the local feudalists”—even where these feudalists do not exist!).

The global development of capitalism in an imperialist framework has decisive consequences for the destiny of socialism. Most important is the fact that the center of gravity of the exploitation of labor by capital (and, in the first place, by monopoly capital which dominates the system as a whole) has been displaced from the center of the system to its periphery. The mass of surplus value (in all its forms—absolute and relative, apparent and masked by price structures) extracted from labor in the periphery has been increasing steadily since the end of last century. This simple fact explains why the periphery plays an increasingly active role in the global socialist revolution, by giving a new impetus to one of the possible outcomes of the uneven development of societies: the development of socialism starting from the lagging zones of capitalism. This is accompanied by the progressive end of the West-centered outlook, most clearly evidenced by the growing detachment of Marxism from its European historical and cultural roots.

Since socialism is now being impelled from the periphery, it has found itself under the necessity of coming to terms with funda-

mental questions concerning the relations between base and superstructure, between the productive forces and the relations of production, etc., thus taking the opposite course of the dominant tendency in the center, which is to reduce Marxism to economism. This development, which signifies the decadence of the capitalist system in the center, opens the way for an evolution both of the system itself and of its ideological expressions, an evolution which is an extension of the system's inherent logic. The capitalism of the monopolies may well be replaced by that of the state. And this is paralleled by the shift of the old social democracy toward the new social imperialism, and of the old social-democratic class alliances to new revisionist alliances.¹⁶

It is not surprising that the repercussions of this situation are causing the extreme left in the West to react by executing 180-degree turns. Social-imperialist collusion gives way to Third Worldist outbursts. For Third Worldism is a strictly European phenomenon. Its proponents seize on literary expressions, such as “the East wind will prevail over the West wind” or “the storm centers,” to illustrate the impossibility of struggle for socialism in the West, rather than grasping the fact that the necessary struggle for socialism passes, in the West, also by way of anti-imperialist struggle in Western society itself. They sway between extremes without understanding the crux of the matter—the significance of imperialist hegemony. Third Worldism is no longer fashionable, although regressions ought not to be excluded so long as the prevailing objective situation remains unchanged. This fashion had its heyday and its missionaries. Because of its European culture, Latin America was more suited to its penetration—Spanish and Portuguese are easy to learn, and, moreover, the closer integration of this continent into the capitalist system was less unsettling. Sub-Saharan Africa also offered possibilities owing to the cultural alienation of its ruling classes; the East remained impervious to this kind of exercise. But in no case was Third Worldism a movement of the Third World or in the Third World. Disappointed with the operation, the ultraleft eventually returned to the fold. The revival of Trotskyism (a permanent phenomenon) indicates that the lessons of the experience have been ignored. For Trotskyism remains the twin of social

imperialism—both are blind to the nature of imperialism and underestimate its decisive importance.

We utterly reject the false alternatives of Third Worldism or ultraleftism, whether Trotskyist or sympathetic to Trotskyism (as in its anarchist or pseudo-Maoist versions). For us, the only question is this: How, in the common struggle against capitalism, which is of necessity a struggle against imperialism, can concrete class struggles be articulated both in the center and in the periphery?

In order to pose this kind of question correctly, one must understand that although imperialism remains the chief enemy, social imperialism constitutes the chief danger. The division of the imperialist system into dominating centers and dominated peripheries has radically altered the problematic of the socialist revolution. In the centers, it has strengthened the tendency toward social imperialism, i.e., toward an advanced neocapitalism corresponding to a greater centralization of capital. At the periphery, where the revolutionary forces are maturing, specific problems of transition are emerging which strengthen the tendencies toward state capitalism. Under these conditions, every retreat by imperialism has an equivocal character since it holds out the possibility of either of the new alternatives—socialism or state capitalism.¹⁷

The forces promoting the new class mode of production are present in the very heart of the anti-imperialist movement. Today it is no longer possible to view the Soviet experience as an instance of socialism. The coherence of the system, both on the plane of its economic base (preservation of the division of labor and of commodity alienation, centralized management of capital) and of its structure (preservation of the state, authoritarian police methods, nationalist and social-imperialist ideological monolithism) should be carefully examined, especially since the attraction exerted by this model remains very strong, in spite of everything, among the most advanced sectors of the Western working class, as is clear from the strength of the revisionist communist parties of southern Europe. At the periphery, forces tending in the same direction have been active both in the bourgeois nationalist movement (of which Nasserism was the most coherent expres-

sion) and in the popular movement (as is evident from experience and, generally, from the absence of Maoist consciousness in Latin America). The forces moving in the direction of socialism have matured significantly only in communist Asia.

Today, as we observe the forces active in the current crisis of the system¹⁸ attempting to influence its evolution in keeping with their own interests, the alternatives appear clearer than ever. It is in fact possible to envisage three different outcomes to the present crisis.¹⁹

The first scenario is characterized by the continued existence of the imperialist system as the dominant global system. This would open up a new phase of imperialist capitalist expansion, based on a reshuffling of the cards and a new stage in the unequal international division of labor: Social imperialism would remain confined to the USSR and its satellites and become the strategic ally of imperialism proper, since "peaceful coexistence" would have become a strategic factor. Socialism would also be restricted and isolated in East Asia and in no more than a few countries that could succeed in using the crisis to detach themselves from the system. The periphery of the imperialist system would become subdivided into "imperialist service stations" and "reserve neocolonies." This scenario allows of variants, characterized either by the reestablishment of a dominant imperialism (doubtless American) and the "compradorization" of an Atlantic Europe and of Japan, or, on the contrary, by a certain equilibrium between several imperialist centers, each with its particular sphere of influence.

The second scenario envisages social imperialism as becoming a dominant system. This implies that in the event of a worsening crisis, power would shift in the direction of the establishment of national state capitalisms in numerous countries that constitute the weak links of the present system. In southern Europe in particular, the formula of "historic compromise" would become generalized and enable a revisionist class alliance to replace the traditional social-democratic alliance. An analogous evolution would emerge in numerous countries in the periphery, notably in the spheres of influence of the USSR and Europe. The "national" state capitalisms would remain dependent, since they would not

challenge a certain (unequal) international division of labor within the social-imperialist system(s). A "Eurafrica" of a certain type and neo-Nasserism would then become possible. Here, too, variants can be envisaged, characterized by an equilibrium of strength between imperialism and social imperialism. The most probable variant would see the preservation of the traditional imperialist capitalist system in the United States, which would unilaterally dominate its sphere of influence: Latin America, and the English and northern European dependencies.

It is only the third scenario that envisages the possibility of the socialist system becoming a dominant system, probably in competition with the imperialist and social-imperialist systems. The respective spheres of these imperialisms would remain relatively isolated and would, therefore, soon decline. The countries already engaged on the road toward socialism would begin to be sufficiently numerous and strong to constitute themselves into a system. Some of these countries would be developed (southern Europe?), others would not (many African and Asian countries). They would certainly be autonomous, yet also have sufficient solidarity to be no longer dependent with respect to the imperialist and social-imperialist centers. The autocentric national models of transition would be strengthened by transitional reciprocal relations allowing groups of countries as well as the socialist system as a whole to move in the direction of increasing self-reliance. It goes without saying that this perspective, the only favorable one, implies as a prior condition a clear awareness of the nature of imperialism.

The current crisis reminds us forcefully of the chief characteristics of the capitalist system in its imperialist phase—the transfer of the contradictions of the capitalist mode of production from its dominant imperialist centers to its dominated periphery; the revolutionary and socialist potential of the struggle for national liberation; the social-democratic ideological domination of the working classes in the centers. Accordingly, the socialist transformation of the world may well continue to be impelled by the periphery. This is not a question of prophecy, but merely of an analysis of forces that have been operative for almost a century. The detachment of the periphery from the capitalist system, to be

sure, would alter the conditions of class struggle in the center. It is not excluded that if the current crisis should deepen and lead to new revolutions in the periphery, the weight of the contradictions of capitalism would have an impact on the metropolitan laboring classes such as to radically alter the pattern of the socialist transformation of the world. But we have not reached that point yet.

This analysis is the same as that set forth by the Chinese in their "twenty-five-point letter." It rests on two assumptions.²⁰ The first assumption is that the motive force of history in our time is the anti-imperialist struggle. This is the meaning of such a statement as the states desire independence, the nations liberation, and the peoples revolution. This formulation clearly indicates that the anti-imperialist struggle must become socialist revolution. It thus elucidates the slogan "Workers and oppressed peoples, unite!" which, since the emergence of imperialism, must replace the older slogan which was confined to the workers. It is by way of anti-imperialist struggle that, in this century, socialism has been moving forward. The entire history of the nineteenth century, on the contrary, was marked by the revolutionary struggles of the Western proletariat—from the English Chartists to the Paris Commune. But the Paris Commune was in fact the last instance of revolutionary struggle in the preimperialist epoch. Viewed in retrospect, the movements of Central Europe, for which Lenin held such high hopes, were already doomed to fail.²¹ Neither the events of 1968, nor the more recent events in Portugal and Spain, indicate that a revolutionary perspective is possible in the West. On the other hand, every anti-imperialist struggle in the Third World has entailed and entails a potential socialist dimension.

The second assumption of this analysis is that revisionism has become the chief obstacle to the development of socialism. On the international plane, the Soviet neoimperialist superpower is contending for world hegemony with the traditional American superpower (in a struggle/share the spoils dialectic), while on the plane of ideology and of class-struggle strategy, the illusions inspired by revisionism must necessarily lead to defeats.

PART I

**Historical Materialism:
Capitalism and Socialism**

CHAPTER 1

Criticism of Microeconomics

The criticism presented below addresses the methods which claim to base "development planning" on the techniques of microeconomic "project" analysis. The theoretical level was systematically developed in the context of certain activities of the African Institute for Economic Development and Planning (IDEP), and is directed at the practical consequences of "project" analysis as revealed through empirical African examples. This criticism attacks the major "financing" institutions both for their feasibility studies of development "projects" and their teaching of "project analysis."

The problem is the following: Is it possible to base a "development plan" on a set of microeconomic choices? Does this method confine the possible development strategies within definite limits? More specifically, does planning based on "projects" implicitly involve a particular strategy to the exclusion of any other? Does the substitution of so-called social profitability criteria for individual criteria broaden the scope of the implicit strategy in question, and if so, how? Answering these questions involves merely defining the content of the "profitability" concept.

There are several aspects of the problem, apart from calculating the strict rate of return, because this calculation is closely related to all the techniques of business management, including those of personnel management, organization of work and division of labor, job definition, and organization of the hierarchy (line of command).

All these profitability calculations, from the most elementary to the most sophisticated, follow the same general outline. On the

x-axis one puts time—the successive years of the life of a project, on the positive y-axis the revenue of the firm, and on the negative y-axis the costs. This kind of graph isolates the firm from its environment, i.e., from all the other firms in that branch of industry, from the nation, and from the world system. The logic of the system then consists in calculating profitability by one of the following methods.

First method: work out a time preference discount rate R (according to the apparently common-sense adage that “a bird in the hand is worth two in the bush”). The present value of sales A for the years 0, 1, 2, etc., is $A_0 + \frac{A_1}{1+R} + \frac{A_2}{(1+R)^2} + \text{etc.} \dots$, while the present value of expenditure B is similarly $B_0 + \frac{B_1}{1+R} + \frac{B_2}{(1+R)^2} + \text{etc.} \dots$. The gross profit calculated at its present worth is $A_0 - B_0 + \frac{A_1 - B_1}{1+R} + \frac{A_2 - B_2}{(1+R)^2} + \text{etc.} \dots$, which, compared to the present value of the necessary capital investment, gives the rate of profit of the investment in question.

Second method: equalize income and expenditure at present value and deduce from that the implicit discount rate which equalizes revenue and expenditure at present value. What are the implicit assumptions of this method? The first is that we can distinguish between the firm and its environment, i.e., that the firm's revenue and expenditure flows are independent of the economic system as a whole. Thus we accept that there is a microeconomic rationality, and that the rationality of the system is none other than the sum of the rationalities of the firms. Hence we accept that the whole—the national system, or rather the world system—is nothing but the sum of its parts, in this case the firms, the basic economic units. This implicit principle remains whether we evaluate the terms A and B at “market prices” (individual profitability) or by means of some kind of “shadow prices” (so-called social profitability).

The distinction between the firm and its environment assumes a

second underlying principle—that it is possible to distinguish between the so-called economic operations of the firm and the other aspects of social life. Now, this distinction is specific to the capitalist mode of production. It follows that the rationality based on cost-benefit calculation is always relative to this mode of production. There is, however, a close relation between economic operations and other aspects of social life. A good example of this is the (frequent) mistakes made by technocrats and planners when they are dealing with rural life. They make calculations about the improvement in yields that should follow the introduction of a new input or an increase in the quantity of work. They then put into effect policies based on the results of these profitability calculations. In nine cases out of ten they come up against the resistance of the peasantry. Why? Simply because they forget that peasants are not entrepreneurs, and do not separate the aspects of so-called economic life from other aspects of social life. In other words, in the peasant mode of production the organization of production does not correspond to criteria of “economic” rationality but obeys the rules of a higher rationality, one which incorporates all the elements of social life, economic and others. For example, peasants might have in mind a long time-horizon covering their entire lives and even beyond. Their “economic” decisions cannot be separated from their behavior in connection with the family, as regards the number of children they want, the organization of marriage and inheritance, etc.¹

Let us now suppose that we are able to separate economic life from social life. We therefore consider that all elements of economic life have a market value. For those that do not, we will give them values by comparing them with the market value of “similar” goods. Thus we will give a market value to products consumed by the producer.

Work itself will be considered as a commodity input “bought” by the production unit. Indeed, the economic language of the technocrats reflects this way of looking at labor power as a factor external to the firm: labor power is called a “human resource.” The term “resource” clearly reflects commodity alienation: human resource for what and for whom? Here, the notion of

human resources means that people constitute labor power at the disposal of firms which are abstract beings. But the abstract hides something concrete, which is the profit on capital. In other words, these human resources are resources for capital, the dominant factor in a system in which people are not the end but the means. It is true that the philosophy at the base of all conventional economics assumes that there is no contradiction between end and means, and that the results obtained by treating people as means of production can be reconciled with primary human aspirations.

Let us now observe how one defines and measures the revenue and expenditures resulting from the multiplication of physical quantities by prices. First, we must consider the nature of these prices in relation to the conditions of competition, for if we look at the history of the capitalist system, we note that this competition has gone through at least three phases, and that we may already be in a fourth.

In the first phase (up to about 1840 for the regions of industrial Europe and North America where the Industrial Revolution was being completed), the essential factor was not competition between industrial firms, but between the newly emerging firms and the disintegrating craft guilds. It was a period of what might be called "easy competition," that between different modes of production. Its main feature was the unequal development of the productive forces. In ideologizing competition, this phase of history is deliberately ignored, although it was decisive in structuring the new society. It was this type of competition that proletarianized the precapitalist environments, which then provided the capitalist firm with its labor force, enabling it to expand.

In a second phase (a very short one in the history of capitalism—from about 1850 to 1870 or 1880), we find a type of competition which is close to what economic theory subsequently ideologized as "pure and perfect competition." This period was characterized by the separation of the processes of production and circulation, each dominated by independent forms of capital. Another feature of the period was the lack of individualization of products and hence a high degree of substitutability between the products of firms in the same branch.² Under these conditions the

price is external to each firm, and the decisions of an entrepreneur have no feedback effect on the price structure. The immediate reality seems to justify the principle of bourgeois philosophy that society is the sum of the individuals composing it. The rationality resulting from individual behavior does not conflict with a global rationality, which does not really exist except as the sum of individual rationalities. But although the decision of one entrepreneur has no perceptible overall effect, the sum of the decisions of all the entrepreneurs does: it reproduces the class society.

From 1880 on, we see the emergence of monopolistic competition, which was analyzed much later (in the 1930s), in particular by E. H. Chamberlin and Joan Robinson.³ Price is no longer an external datum for the firm; it is the direct result of monopoly strategy. The monopoly is moreover reinforced by the differentiated nature of the products, in connection with the merging of production and distribution.

In each of these cases, the theory of microeconomic rationality is tautological because, whether or not prices are external to the firm, the monopolies determine types of behavior which react upon the price system. With competition between monopolies this tautology explodes: the whole is clearly no longer equal to the sum of the parts. When conventional theory can no longer rationally assume that prices are given externally, it transfers the tautology to product specificity. It asserts that products are differentiated because the consumers regard them as such. But this is to beg the question. This approach reflects commodity alienation, and clearly shows that society has lost control of itself, because we know that this specificity is created by the firms. It is not a datum independent of and external to the productive process, but, on the contrary, stems from the nature of the productive process itself, the result of a strategy based on the need to make profits.

The first consequence of monopolistic competition is that it necessarily implies a faster growth of selling costs for the purpose of creating specific needs. This reduces the profitability of producing the goods, because it involves sharing the profits with firms in the tertiary sector. The second consequence is that an increasing share of the social costs of monopolistic competition

has to be borne by the state in the form of infrastructural investment (for example: the roads needed to make the production of automobiles profitable). The financing of this government expenditure in turn reduces the surplus available for the profits of production. The third consequence is geographical concentration. This in turn is related to unequal development on the world scale, since this model, developed in the center of the capitalist system, entails a bias in the capitalist development in its periphery.

This bias has very old roots, relating to the historic pattern of demand rooted in the periphery's externally oriented economic formation and the unequal exchange which underlies unequal international specialization. That is to say, the difference between the rewards to labor in the periphery vs. the center is greater than the difference in labor productivity between the two. This makes possible a higher overall rate of profit in the periphery and on this basis a skewed domestic market is created. Import-substitution industrialization then leads to the contradiction that extra-exploitation creates a limited domestic market and because it is so limited it cannot fully exploit the potential cheap labor brought about by proletarianization.

Hence the system implies increasing state intervention in the periphery to artificially expand this market. But that is not all. Commodity alienation means that the workers accept their status as sellers of labor power while as consumers they agree to consider that the goods proposed to them are in fact specific. The perpetuation of this ideology of commodity alienation requires in the center of the system both relatively full employment and a continuous increase in real wages, which in turn makes possible a growth based on this model of development through the enlargement of the market.

So the price structure is by no means the result of various forms of competition. The price structure is a global datum; it is not the result of the individual behavior of firms, even under "pure and perfect" competition. Sraffa brought out strikingly the internal contradiction of the logic of marginalism, the tautology on which it is based. He showed that the price structure ultimately depended on the level of real wages, i.e., on how the total income is shared between the remuneration of labor and the output of that labor.⁴ Neither the structure of relative prices, nor the allocation

of capital between the different branches of production to meet a demand pattern corresponding to the pattern of income distribution, depend in any way on the conditions of competition. They depend ultimately on the rate of exploitation of labor. It follows that any economic practice based on prices external to the production units involves reproducing its own conditions, i.e., reproducing the pattern of overall income distribution and hence the pattern of demand and of the resource allocation among the different branches.

Having considered the prices of commodities, let us look at the prices of the "factors" of production.

The price of land. The firm buys or rents a piece of land and settles on it. This is an essential problem not only for agriculture, but also for a large number of other activities in connection with monopolistic competition and the organization of space determined by it. This organization of space in an urban agglomeration has its own apparent "rationality" which depends on the pattern of demand and hence ultimately on income. It is also essential because of the decisive aspect of housing in the value of labor and the pattern of income and demand. Here, however, economic activity is faced with the class monopoly of landownership, i.e., with the fact that certain social groups have the monopoly of access in a given area and that they charge for this access. Chayanov and Von Thunen have shown that this monopoly had an effect on the structure of activities and prices. Von Thunen showed that the use of land is not the same if one assumes private ownership of it (ground rent and price of land controlling access to it) or public ownership with the land being made available to capitalist entrepreneurs. He showed that this (landlord) class monopoly was a handicap to the development of capitalist rationality, which aims at maximizing the rate of return to capital on the basis of the exploitation of labor power without the intervention of other factors. We can thus perceive the capitalist nature of social-democratic reforms based on the municipalization or nationalization of the land.⁵

The price of raw materials. Raw materials prices cannot result directly from consumer preferences, in accordance with current ideology, because these commodities are not final consumption

goods. To deduce their value from that of the consumer goods which they make it possible to produce is highly tautological—the utility of the inputs will be determined by that of the outputs which itself depends on the value of the inputs.

Furthermore, the price structure of raw materials is by no means independent of the structure of the world system, i.e., of the unequal international division of labor. This structure reproduces unequal exchange: the difference between rewards to labor within a branch (distributed over the world system) is greater than the difference between productivities. It also reproduces the conditions of unequal access to natural wealth. This is the root of many “environmental” problems, such as the depletion of natural resources, since access to the use of natural resources is not homogeneous throughout the world.⁶

Capital and labor. As in the case of raw materials, to explain the value of capital equipment by the value of the goods it produces is to be caught in a vicious circle. The last refuge of conventional economics is the myth of the productivity of capital. It is indeed a myth because to consider wages as given for the production unit is to accept from the outset the essential logic of the capitalist mode of production which reduces the worker to labor power, the precondition for all rationality in microeconomic calculation. It then follows that the productivity of labor in given conditions (operating a given type of capital equipment) appears as productivity of capital. This is the other side of alienation. When one is writing, is it the hand that writes or the pen? The correct answer is that it is a false problem, badly put because actually one writes with one’s hand with the help of a pen. The pen by itself, being an inert object, is not capable of writing. This is the same kind of problem as the one about the sex of an angel. During the Middle Ages this question, in line with the logic of the prevailing ideology, was debated at length. The productivity of capital is the same kind of question with regard to the economic ideology of capitalism: we are asked to separate the productivity of labor from that of inert capital equipment. As if machinery, without the worker to operate it, could produce anything; and as if the worker could also produce anything with no machinery, no tools, no raw

materials—out of a void and in a void. It is quite obvious that the productivity of labor is conditioned by the level of development of the productive forces, because labor operates specific objects and instruments of labor. To separate the two “sources” of productivity presupposes and reflects a class division, without which the system itself has no logic.

Thus the microeconomic rationality on which “cost-benefit” analysis is based is not independent of the social system, it is not “neutral” with respect to that system. On the contrary, the relative price structure depends on all the basic social phenomena—first and foremost on the rate of exploitation of labor by capital. It also depends on the sharing of power on the world scale (which determines the unequal international division of labor), just as it depends on the relations between capital and landownership. To “plan” on the basis of the criteria of this rationality is to agree to reproduce this social system. Now, “to plan development” cannot but call into question the unequal international division of labor and involve the transformation of class relations, etc. Hence it is impossible to do it on the basis of microeconomic rationality. For example, a land reform does not only alter the distribution of agricultural income, it changes the relations between capital and landownership and thereby a whole series of data which determine economic choices.

This fundamental criticism applies to any form of project analysis, whether this analysis is confined to “market prices” and relates solely to the point of view of the firm, or whether, by introducing “shadow prices,” it claims to rise to the level of the community. It is the basic method which is questionable.

Let us then return to the rationality of the individual “cost-benefit” calculation. The entrepreneur incorporates some financial costs into the firm’s “costs.” In order to function, the firm needs its own capital on the basis of which it can call upon outside financial resources in the form of borrowing. It has to remunerate this borrowed capital. The “rational” entrepreneur seeks, naturally, to maximize the rate of profit of the firm’s own capital, and not that of the total capital involved. Now, how is the division made between “own funds” and funds borrowed for a firm or a branch of industry? On what do these proportions, which vary

from one firm to another, from one country to another, from one period of history to another, ultimately depend? They depend on competition between capitalists, i.e., they result from the fact that capital is not perfectly centralized, that there is no single capitalist who has all the capital and who allocates it to different economic activities according to a single criterion of rationality, but that in reality some capitalists or financial groups control some sectors of equity capital. Each one will therefore try to preserve and extend his sphere of control. Each of them knows that in a given economic situation, going beyond a certain proportion of borrowed capital means losing control of the firm. Here we have again a purely social factor, of the same kind as the ratio of wages to profits. This latter dominant social factor reflects the fundamental class division (bourgeoisie and proletariat), whereas here we are concerned with the division within the bourgeoisie, which also determines economic "rationality."

If we now consider collective "rationality," we have to take the state into account. The firm pays taxes, which it regards as costs. Economistic ideology thinks it is taking this fact into account by the commonplace observation that taxes are intended to cover "collective" needs. Once again this is a pure tautology, dispensing with a social analysis which relates the nature and functions of these "needs" in the overall reproduction of the system to the class struggle, class alliances, and so on.

We now need to go a little further and examine four sets of problems: (1) the meaning of technological "choices"; (2) the length of the period on which economic decision-making is based; (3) the meaning of the international division of labor; and (4) the nature of the systems of organization of the firm and of work in the service of so-called efficiency.

First, let us look at the problem of technological choices. Cost-benefit calculation assumes that there is a technology "external" to the firm which makes a choice between various "possible" technologies. This assumes not only that science is universal, but also that this science is being applied and engenders a technology independent of the social system of the firm and of competition in its specific functioning. Nothing is further from the

truth. For example, monopolistic competition simultaneously covers the invention of new pseudoproducts, i.e., the creation of "specific" use-values, and the procedures used to substantiate this pseudospecificity on the basis of a given structured market. We know that this so-called research and development technique is directly controlled by the large monopolistic firm, and that it has no autonomy with respect to the overall data.

Second, consider the problem of "economic" time. What do we mean by a rate of return—in the alienated ideological terms of "time preference" on the order of 7 to 15 percent? A rate within this range means that the time-horizon of the economic decision is very short, because at the rate of 7 percent per year the value is reduced by half in ten years, and at the rate of 15 percent, in less than five years. If the rate of economic growth is on the order of 4 percent a year and that of the progress of productivity between 1 and 2 percent, it becomes impossible to make any choice which could envisage a time-horizon of more than ten to fifteen years at the most. And it is an observed fact that the capitalist firm does not plan its economic decisions for more than about ten years ahead. Even the multinational firms in the most powerful fields of mining or oil extraction, which are the best equipped for long-term forecasting and which should take into consideration long-term elements such as the depletion of natural resources, technological progress, and the alternative development of other resources, do not consider a policy for a time-horizon beyond about fifteen years. This very short horizon for "economic time" is extremely serious, because many other aspects of social life are determined by an infinitely longer time-horizon. It is characteristic that, in the capitalist system, the only sector which considers decisions over a longer time is the military sector. This is because, in this field, there is a need to consider the evolution of the international balance of power over a long period; it is a question of the survival or, at least, of the place of the nation in the world. This is something too serious to be left to short-term interests.

We can take another example of the contradiction between the short time-horizon of "economic rationality" and the longer ones of social life: education and training.⁷ Education and training

shape individuals and determine their social status for almost their entire lives. Of course there are opportunities for social mobility, though more or less limited; but the principle on which we live is that the training acquired during the first twenty-five years of life determines almost the whole of a human life, and probably beyond, because social position largely determines the conditions for the education of the person's own children. How then, is it possible to determine an education "policy" either at the national level or at the individual level if the time-horizon of economic knowledge does not exceed fifteen years? This is the conflict at the root of the contradiction between, for example, the pressure for school education and the objective needs of the system in the underdeveloped countries, just as, more generally, it is a conflict between the logic of education and that of the economy in the developed capitalist countries.

Third, there is the matter of the unequal international division of labor. This means that the products both on the output and the input side tend to be worldwide commodities. Under these conditions the overall pattern of the firms' economic choices is not at all independent of the international division of labor and particularly of that which involves the opposition between the center and the periphery of the system. These choices in turn reproduce, by extending and developing it, an unequal structure of the international division of labor.

The fourth and last consideration is the organization of work, the definition of jobs, the definition of the organization chart, and the structure of the division of labor within the firm. The conventional ideology presents these "techniques" as rational means intended to improve the efficiency and the productivity of the economy. This is a myth, as is shown by the example of the working-to-rule strike mentioned by Yvon Bourdet.⁸ In this kind of strike the workers paralyze production by strictly applying all the regulations made presumably with a view to improving the efficiency of the firm. This observation shows that the regulations in question are based on an ideology which opposes and separates policymaking work—regarded as superior—from the work of execution. But this separation is not efficient. Actually it performs an essential ideological function which is to justify the

superiority of policymaking work, the division of labor, the hierarchy which ensures domination by capital, as conditions for the exploitation of labor.

Because conventional theory ignores the concepts of abstract labor and concrete labor and considers only the immediate appearance, it does not see that its measurement of the efficiency of the organization and of the division of labor is perfectly tautological, because it is based on the hierarchy of payment which reflects this same division of labor.

One last point: What are the prospects of the system and how are these prospects likely to affect the status of micro-economic rationality? We can start here by noting the new industries (atomic and solar energy, automation of the production processes of the manufacturing industry by electronics, conquest of space, exploitation of the resources of the sea, genetics, and production of synthetics) which could become the leading industries of a subsequent phase of expansion replacing the leading industries of the period which is ending (consumer-durables, the favorite field of monopolistic competition). Next we can envisage two extreme models of international division of labor (and the whole range of possible combinations between these extremes). In the first model, we imagine the concentration of new leading industries in the center, with the currently classical industries relegated to the periphery and exporting to the center. At the other extreme, we imagine the concentration in the center of all the new industries at the same time as the "classical" types of production are maintained for the domestic market of the center; the periphery would then be almost totally marginalized. The tendency will be toward one or other of these alternatives depending on how things go during the present crisis with the main political struggles—class struggles and international struggles which are their extension (i.e., conflicts between the various imperialisms with respect to their strategic positions in the new international division of labor, conflicts between countries of the periphery and countries of the center concerning the prices of raw materials, strategies developed by the periphery to seize control of certain industries, etc.). None of the "project choices" will be meaningful except in relation to this perspective.

We must next examine the forms of competition likely to correspond to this basic change in the range of key industries. For these new leading industries we shall probably see a centralization of capital such that even the most powerful contemporary firms will prove incapable of coping with the massive financial requirements of this basic change. No doubt the state will have to replace the firms. The system tends towards state-run industries, as a means of overcoming the growing contradictions emerging from the development of the productive forces. Capital, having expropriated the producers, in its turn expropriates the capitalists and substitutes for them abstract capital—the state. Under these conditions competition would become mainly a competition between states, and it would bring to bear political and military resources just as much as the economic resources corresponding to the previous forms of competition. We see something like George Orwell's world of 1984 emerging from these developments. In this world, rationality is shifted from the economic plane to the political plane. For example, the unequal international division of labor would no longer be justified in "economic" terms—as is claimed by the current ideology which stresses the relative scarcity of the various factors of production: capital and labor—but in "national" terms, of a racist type.

Thus we find at the end of the evolution the fundamental analysis of Marx, according to which the contradiction between the continuous development of the productive forces and the constrained relations of production based on exploitation necessarily leads to one of two alternatives: socialism or barbarism. Either one departs from the logic of the capitalist system through a socialist revolution; or one remains within the logic of alienation and exploitation and goes on from the economic alienation, which has so far characterized capitalism, to a "neoreligious" or "neonational" alienation in which the new "rationality" would be expressed in terms of inequality between peoples.

As a result of this criticism, the merits of microeconomic rationality boil down to very little. This rationality does not extend beyond the particular social system; it is entirely determined by class relations: the rate of exploitation of labor, the relations between capital and land ownership, the internal relations of

competition between the different segments of the bourgeoisie, the unequal international relations, and, finally, the sum total of the social relations of struggle and alliances crystallized in state policy. The very short economic time shows that microeconomic rationality does not permit of anything other than the reproduction of these relationships.

We need here to specify the two frontiers of this rationality which is limited by the reproduction of the system that it presupposes. The first relates to the fact that the development of capitalism is not linear, but constituted of homogeneous phases of expansion and phases of structural crisis. The phases of expansion are homogeneous because of the leading industries which determine them, the functioning of competition, the fundamental class alliances (particularly as regards the relations of the bourgeoisie with the landowners), the conditions of the international division of labor, etc. Under these circumstances, microeconomic rationality may be impressive. But in the phases of structural crisis, when the very social bases of reproduction are being changed, this rationality loses all meaning.

This rationality is similar to that of mechanistic economic projections: they too are meaningless unless they fall within a phase of homogeneous expansion. Although, within a phase, the technocrat appears to be a powerful individual capable of forecasting, he commits absurdities if he prolongs the phase beyond the point where it loses impetus. The projections of Herman Kahn, based on the rates of growth of the last twenty years and extended over a further twenty years, have led to absurdities that are quite obvious today. This is because, at the very time when Kahn's work was published, the crisis had already started, and it upset all the assumptions of this eminent adviser to the U.S. government.

In a period of structural crisis, politics gains the upper hand. The class struggle becomes more acute, thus annihilating the claims of microeconomic rationality and the macroeconomic projections of technocrats. At such times the woolly speeches of a head of state are richer and more illuminating than all the subtleties of "economic science."

The second frontier of economic rationality is the one that

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appears on the horizon as and when the centralization of capital leads to the nationalization of the leading sectors of the capitalist economy.

Substituting "shadow prices" for market prices does not give a new dimension to microeconomic rationality; on the contrary, it reduces its scope still further. The calculation of the rate of return to the firm has at least the advantage of describing, even if it does not explain, the facts. The so-called collective rate of return loses this descriptive quality and accentuates still further the ideological content of the microeconomic method.

The shadow prices suggested must be chosen with reference to a system of comparison. Thus a development strategy is surreptitiously slipped into a method which claims to be neutral and objective. Obviously the "opportunity costs" are those of the international market—they are the only ones that exist—and this will always automatically imply a strategy of integration into the world system. Yet underdevelopment is nothing but the result of this integration, so the introduction of these shadow prices not only does not improve the method, but makes it even worse: the state is asked to intervene so as to speed up this integration by reducing the frictions which hamper it. The choice of shadow wages for labor is an example. Zero shadow wages, or at least wages lower than the real wages of unskilled labor are proposed, on the pretext that this labor is in abundant supply. This is done despite the fact that since this labor is nationally located there is no international price. The method proposed is merely the rationalization of the logic of international integration from the angle of reproducing the inequality in the international division of labor, since the "abundant supply" of labor is precisely the result of this integration.

Thus the apparent improvements introduced by shadow prices are actually a worsening of the ideological nature of the method. For example, the World Bank, when it distinguishes between the collective rate of return and that of the firm, excludes from the costs and profits both private (borrowed capital) and public (taxation) financial transactions.

What is the significance of all this? Very simply, that the assumption is made that the centralization of capital is completed. It

is indeed a "collective" rate of return that is involved, but the reference community here is not society (the workers) but abstract capital. Priority is given to the rationality of 1984 over that of the present capitalist system, still "immature." At the national level, this amounts to transcending the internal contradictions of the bourgeoisie (competition between capitalists), while maintaining the principal contradiction (the exploitation of labor). At the international level, it amounts to transcending the "national conflicts" (stemming from the unequal division of labor) for the benefit of capital in general, i.e., specifically that of monopoly capital which dominates the world system.

But, one might say, the shadow prices need not necessarily be chosen in this way. They can be fixed arbitrarily. When it gets to this stage, there is no longer any logic, not even formal logic—we have no further framework of reasoning. There is still a system of shadow prices which makes it possible to "demonstrate" that the priority investment in a very poor country is a marble palace for the president. We can justify absolutely anything: the priority of food-crop agriculture, or export agriculture, or light industry, or heavy industry, anything. One totally evades the nature of the contradiction between different lengths of time, the contradiction resulting from the initial sharing of the product between wages and surplus value, the contradictions of real competition between the types of capital resulting from the fragmentation of the control of capital, etc. This is no longer even a technique, but a pure and simple fraud which is used to hide the real logic of the policies advocated.⁹ For it is better to be aware of what one is doing, i.e., incorporate the analysis of contradictions into the decision-making procedure, than to abandon all awareness by launching into exercises of artificial calculation so as to achieve a predetermined result.

Microeconomic rationality oscillates continually between these two extremes. It is either a technique, for measuring individual profitability—a description of behavior without explanation—in which case, despite the sophisticated apparatus, it is no more than common-sense accounting; or, if it has some pretense at theory, it abandons this common-sense accounting and becomes ideological trickery.

CHAPTER 2

Capitalism and Ground Rent

Before discussing the domination of capitalism over agriculture, we should agree on what capitalism is. It does not come within the purview of conventional economics or sociology. It is possible to get as far as a doctorate in social science in the United States without knowing that one lives in a capitalist society! The basic concepts of social science are ahistorical: the three "factors" of production (nature of land, capital—synonymous with production equipment—and labor) are combined in an infinite number of ways, always according to the well-known technical formulas of the society under study. Social science is not based on history, and even when history is not reduced to a direct sequence of events, it does not go beyond a comparative description of institutions and of social, moral, political, or aesthetic ideas. Sociology is grafted on to this shapeless mass; its aim is to examine, in terms of functionality, whether parts of social life, taken at random, are satisfactory or not. It is a risky proposition to study the birth and development of capitalism within this framework: if capitalism is confused with the use of the (so-called) factor capital, i.e., tools, then it has always been in existence. It is also often confused with commodity exchange. As a result, to some people a study of the development of capitalism in a particular sector boils down to a quantitative measure of the increase in capital equipment and of the expansion of trade.

To have a clear understanding of capitalism we must, from the start, look at social science from a different viewpoint, based on the concept of the mode of production.

Here also, unfortunately, a common and highly empirical approach is too often adopted. For it is obvious from everyday experience what a capitalist enterprise is: an autonomous unit of production, privately owned and extensively equipped with production means operated by wage labor. As we discussed in the previous chapter, capitalism is then reduced to the sum total of these capitalist enterprises. Similarly, in agriculture, production is capitalist if it uses a large amount of capital equipment and wage labor. The extent of agrarian capitalism will therefore be measured by the size of the wage-labor force and the degree of mechanization. This is better than confusing capitalism with commercial relations, but it is still very inadequate and can lead to serious misinterpretation.

Let us examine the concept of the mode of production.¹ A production mode is defined as an equation, with two opposing classes: in the case of capitalism, bourgeoisie and proletariat, i.e., owners of production means which are themselves the product of social labor (equipment which becomes capital) and sellers of their own labor power. In the capitalist mode: (1) the entire social product assumes commodity form; (2) labor power itself is a commodity (labor is mobile); (3) capital, which is a social relation, is embodied in capital goods which are also commodities (capital is mobile). From this, it can be deduced that: (1) the ideology characteristic of the capitalist mode is economism, since the extracted surplus—fruit of the surplus labor of the proletariat, or surplus value—is masked by a proportionate redistribution to fragmented capital (surplus value takes the form of profit, and capital appears to be productive); (2) hence, the alienation characteristic of capitalism is commodity alienation (especially since the domination of nature is overcome); (3) the economic factor is not only determining in the last resort but is also dominant.

In contrast, in the tributary modes of production that dominate the history of precapitalist societies, the equation opposes peasant producers (organized in communities) to a state ruling class in control of access to the land. Landownership by the peasant communities (and/or by their members) is superimposed with that

by the ruling class (and/or the state and its various constituent parts). The extracted surplus, here taking the form of a tribute (feudal ground rent corresponds to the feudal type of tributary production modes), is clearly obvious and variable, since it depends on the unequal generosity of nature (nature's domination is indeed quite marked). It can be deduced from this that: (1) neither the social product nor the surplus (except possibly a fraction of it, if one assumes trade relations between several tributary societies), nor labor power is a commodity; (2) the dominant ideology and the alienation are of a religious nature; (3) the ideological level is dominant but the economic level is as usual determinant in the last resort.

It must also be remembered that concepts of the mode of production, the most abstract in social science, form the basis of a second set of concepts relating to social formations, and of yet a third set relating to the systems of social formations linked with one another through trade relations. The social formation—a structured combination of several modes of production, dominated by one of them—implies that there is substance to the description “dominant mode of production.” Domination should not, under any circumstances, be reduced to the statistical predominance of one form of economic activity. The concept of domination is very precise and includes: (1) domination by the fundamental law of the dominant mode, which determines the conditions of reproduction of the entire formation (thus, for example, the law of capitalist accumulation determines both the conditions of reproduction of capitalist society, and all the complex relations between its various parts, including a capitalist industrial economy and a peasant economy); (2) the consequent transfer of a portion of the surplus generated in the dominated modes to the dominant mode (thus, for example, the transformation of a portion of rent into profit); (3) the political supremacy of the dominant class in the dominant mode, the other dominant classes being, at best, reduced to the status of allies; (4) the supremacy of the ideology of the dominant mode.

We have distinguished between capitalist and precapitalist formations, pointing out that the fundamental law of the capitalist

mode has the inherent tendency to bring about the disintegration and disappearance of the other modes, while this was not the case in the precapitalist formations. The capitalist formations tended to become homogeneous, to be reduced to the capitalist mode, while the precapitalist formations remain heterogeneous. The implication is that the dominated modes in the capitalist formations, insofar as they still exist, are profoundly impaired, transformed, distorted, and sometimes deprived of their substance. It will be seen that this point is fully substantiated by an analysis of the relations between industry and agriculture or between dominant capitalist country and dominated agricultural country. As the debate between Lenin and Chayanov shows, there is a specific set of problems that results from the clash between this tendency toward homogeneity, on the one hand, and the manifestation of domination by the capitalist mode over the other modes, on the other.

The social formations are, for their part, seldom isolated. There are systems of social formations. In the precapitalist world in particular, it often happens that a portion of the surplus generated in the various formations circulates; this is the root of the problem of long-distance trade which is of great import to some civilizations (e.g., Greece, the Arab world, and the Sahelian savanna). The nature and status of precapitalist commercial profits are a category of profit distinct from commercial capital.

A special feature of our contemporary world is that it constitutes a single system of capitalist formations characterized by: (1) the universal nature of commodities—in other words, the supremacy of world values (a more accurate expression than international values) over national values; (2) the universal nature of capital, i.e., its international mobility; and (3) labor markets persistently confined within national boundaries—in other words, the very limited international mobility of the labor force. In addition, we must draw an important distinction between two groups of capitalist formations: the mature, dominant, central formations, and the immature, dependent, peripheral formations.

Because of this, the question of international relations between the center and the periphery (commodity trade, capital flows, technological flows, political organization and stratification,

ideological currents, etc.) must not under any circumstances be treated lightly or "in parts," or too hastily compared with the problem of relations within the systems of precapitalist formations.

It is necessary to make one last methodological observation. We have so far considered only two class modes of production, capitalist and tributary. There are of course many others: (1) the slavery-based mode of production, regarded as an exceptional mode, particularly within highly developed mercantile formations; (2) the simple commodity mode, widespread but only dominant in exceptional cases (for example, in colonial New England); (3) the interrelations between these modes and the dominant tributary modes of precapitalist times; (4) the range of tributary modes, those referred to as "Asian," "African," and feudal (which in my view belong to one and the same family comprising a mature central type—China and Egypt), and the peripheral types (in particular, Western European and feudal Japanese). So far, we have not mentioned a peasant mode of production (singular or plural) since it raises very important questions that will be dealt with in our discussion of peasant societies.²

Returning to the capitalist mode, the immediate difficulty one meets in studying its relations with agriculture derives from the fact that the concept of capitalist mode does not take into account control of the soil, that is, access to the bounty of nature. In fact, in the capitalist mode there are only two classes, bourgeoisie and proletariat, and two "incomes," profits and wages. In other words, in conventional economics there are two factors of production, capital and labor. Hence there are no landowners, no rent, no factor termed "nature" or "land." Would this be a simplification, land being also capital, rent also profit (from "land-capital"), and landowners a special type of capitalist? Undoubtedly not, although the precapitalist categories in question (landed property, landowners, and ground rent) take precisely the form mentioned, owing to their distortion through domination by the capitalist mode, as we shall see.

We must first clear up one possible misunderstanding. Any agronomist would disagree, justifiably, if agricultural land were called a virgin portion of nature. Agricultural land is the product

of human labor repeated over successive generations. For the peasant, land is not different from the plough or the cow: it is an instrument of labor. Moreover, no productive process takes place in a void; it always calls into play the forces of nature: the windmill is driven by the wind, biological laws are instrumental in the growth of plants, the laws of chemistry operate to combine iron and carbon to form pig iron, etc. Finally, there is practically no economic activity that does not involve a geographical element, a necessary location: the factory takes up ground space, the doctor must have an office, and even a peddler uses the streets.

But the problem does not lie here. It is not a question of knowing whether "nature" exists or not; it certainly exists. There is no doubt that the forces of nature intervene in the productive process. The question is to know the social conditions that govern the right to use these forces. This right is seldom really free—even the grazing land used by a tribe of nomadic herders is forbidden to others, although the sea is open to any fisherman, and the lands of the American West were for a long time open to all those who could slaughter the Indians occupying them. In precapitalist societies, agricultural land was essential and access was strictly controlled by the society. Whether access was open to all or restricted to some (to the members of a clan, for example), whether it was free or subject to the payment of a tithe or rent of some sort, it was always controlled. In contrast, tools were rudimentary and of secondary importance. It is no longer the same with the modern capitalist farm, as we shall see.

On the other hand, in the capitalist industrial enterprise the capital equipment is essential, while the ground is of secondary importance. Moreover, if the capitalist must purchase the land or pay rent, it is because when capitalism came into being, land was already an object of appropriation and subject to rights. "Capital" is essentially embodied in the means of production, themselves products of social labor. In order to understand the capitalist mode, it is essential to distinguish between Department I (capital goods production) and Department II (consumer goods production), between bourgeoisie and proletariat, between surplus value and the value of labor power, including their many

deceptive forms: profits and wages or savings and consumption. How then does this abstract capitalist mode, without any historical background or territorial basis, interrelate with the production mode from which and within which it has its real historical origin? That is the question, and that is the correct way to bring land-ownership and rent into the analysis of the capitalist formation.

1. Rent and the ownership of the soil: going back to *Capital*

Marx's *Capital* has been the subject of a flood of written comments. How to reconcile volume 1 with volume 3, how to transform values into production prices and surplus value into profits; how to reconcile the two antagonistic classes—bourgeoisie and proletariat—and the "trinity formula" at the end of volume 3? Discouraged, many writers have given up or have resorted to eclecticism, have reconsidered the marginalist "contribution" or have revised their conception of social classes. It was easy to argue that only volume 1 appeared during Marx's lifetime and that the other two, uncompleted drafts, remained as they were because Marx had found no solutions to the questions raised above. I do not share this opinion and believe that the order of the three books, as well as the way the questions are put, are carefully thought out and are significant.

The first two volumes deal with capital and labor alone and consider capital in its broadest sense, that is, in its social form and not in its component parts. Volume 1 contains only the most essential concepts, hence the most abstract and least empirical ones: the fetishism of commodities and the dialectics of value, social capital as a relation between classes, and labor power as a commodity. These concepts suffice for an understanding of the essence of the capitalist mode, the surplus characteristic of this mode, and the way it is generated, precisely by contrasting it with the one which historically precedes it. This explains why the general law of the capitalist mode, i.e., the law of accumulation, is formulated in this volume, together with its historical genesis—primitive accumulation. No additional concepts are re-

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quired to answer these three essential questions: What is capitalism? Where does it come from? Where is it heading?

The commodity is the key to the system: it is the medium of exchange-value; it conceals use-value; it is fetishized. Contrary to Althusser's view that the "mature" Marx abandoned the theory of alienation, we believe that Marx, going beyond the critique of humanism formulated by the young Hegelians and by Feuerbach, had discovered that alienation changes its form and its sphere with the development of capitalism. Until then it is based on religion, since society is still ruled directly by nature; it becomes commodity alienation as soon as the development of the productive forces free society from this dependence on nature by subjecting it to another form of dependence, that is, on its own "economic laws."³

Labor power reduced to a commodity is the second key to the system. This commodity, whose use-value has the property of producing more value than it itself consumes, enables us to discover the source of the surplus (the surplus labor of the proletariat), to understand its specific form (surplus value), to define productive labor (productive of surplus value), to uncover its appearance (that of the productivity of capital), and to grasp the nature of the ideology of the capitalist mode (economism) and its relations with the base (the latter's dominance).

Hence capital appears primarily as a relation between social classes: it exists only because one class controls the means of production while the other class sells its labor power. Capital is therefore an overall social relation involving the whole society. Empiricism views capital from the angle of immediate phenomena: the equipment in which it is embodied, the individual production units where the equipment is installed. The microeconomic approach of conventional economics simply reflects its inability to understand that the whole is greater than the sum of its parts. Marx begins with the whole.

Volume 2 is a logical continuation, a step closer to the concrete. With these concepts established, Marx is able to formulate the model of the reproduction of the system in terms of quantitative relations, between constant capital and variable capital (the organic composition of capital), and between the latter and

surplus value (the rate of surplus value). We have used this framework to reformulate the question of the relation between the objective forces (the law of accumulation) and the subjective forces (class struggle) at the level of the world capitalist system, that is, within a system of capitalist formations characterized by a compartmentalization of labor markets. Raising the question of international trade (unequal exchange) appears to us the only correct way to bring circulation and production into the reproduction process to form a comprehensive whole.

In volume 3, two further steps are taken toward the concrete. The first is to analyze the redistribution of surplus value among the components of capital and the second is to analyze its redistribution between the capitalists (profit) and the landowners (rent). At this point the transition from mode of production to social formation begins and the question of class alliances is introduced.

Ladislaus von Bortkiewicz is no doubt the first author to have systematically studied these two questions raised in volume 3. As Luca Meldolesi remarked in an account of the work of Bortkiewicz,⁴ the latter was not concerned with a "correct" and "complete" formulation of the "transformation" problem, but rather with examining the consequences of his formulation on the central themes of *Capital*. In doing this, Bortkiewicz demonstrated in detail what Sraffa was to rediscover fifty years later: that profit would not exist without surplus value and that the attempt to find a different basis for profit (as in the work of Böhm-Bawerk and Walras, of which Bortkiewicz wrote a fundamental critique) was based on a tautology. Bortkiewicz also found that the rate of profit depends on real wages and on the productivity of labor in the production of both wage-goods and the intermediate goods which directly or indirectly enter into their production, excluding luxury goods (and gold). On that basis, he reformulated the question of technical progress and its effects on the rate of profit.

We have seen that the inequality between the rate of profit and the rate of surplus value is necessary to explain the hidden nature of the "economic laws of the market," the basis of the economic alienation inherent in the capitalist mode and everything related to

it (the dominance of the economic plane). We have also seen that the conflict between capital as a global social reality (the class relation) and capital as a fragmented social reality (the competition between capitalists and the domination of the circulation process over the production process) reveals the irrational nature of capitalism and of the profitability calculus. For "resource allocation" depends not only on the relations between the proletarian and bourgeois classes but also on the internal contradictions characteristic of the bourgeoisie. Conventional economics, starting with the production unit, i.e., the firm, never achieves such insights: it becomes entangled in a host of superficial details, describes infinite varieties of competition ("pure and perfect," "monopolistic," "oligopolistic," etc.); and reaches no conclusion. The failure of neoclassical economics and of marginalist attempts to refute Marx was complete by 1914, at least on the continent of Europe. England alone, totally alienated owing to its empirical tradition, could ignore this debate and produce Alfred Marshall who, without understanding either Ricardo, Marx, or the refutation attempts of Böhm-Bawerk, Walras, and Pareto, was to appear as a "great man." Europe's somber years between the two world wars and the transfer of wealth to the United States explain how a man as intellectually poor and undeveloped as Samuelson was able to become an authority on "economic science" by simply reformulating Marshall's eclectic idiocies, completely ignorant of the tautology on which this "science" rested. Then came the "crisis of civilization" of the sixties, followed by that of the economic system itself in the seventies. At this point the whole structure collapsed, leaving an ideological void reminiscent of that of the end of the Roman Empire.

The question of ground rent has elicited less commentary. The chapters devoted to it in *Capital* are reputedly the most difficult and this reputation is firmly entrenched. To Marx, rent is a precapitalist category which survives simply because capitalism did not originate in a void. The class alliance between the nascent bourgeoisie and the landowner class (of feudal or peasant origin) plays a crucial role in the process of primitive accumulation. It is instrumental in taxing the surplus value or profit made by this landowning class, i.e., absolute rent.

As we know, Marx distinguished between differential rent and absolute rent. It may be asked why he dealt at such length with differential rent. Contemporary economists, who possess no sense of history, thought it intelligent to "generalize" the theory of rent once Marshall had opened the way. Are differences in "soil fertility" not of the same nature as the various differential advantages (of location, for example) found in industry? In this case, in addition to normal average profit, capital receives more or less substantial differential rents. In fact, differential rent is of an entirely different nature for the simple reason that it existed before capitalism came into being. As we have seen, the characteristic feature of feudal rent is that it is unequal: with the low level of development of the productive forces, nature's superiority appeared in those terms precisely because feudal rent did not circulate. In contrast, the differential advantages accruing to capitalist industry arise from the (unequal) competition among capital which *does* circulate (though imperfectly because of contradictions within the bourgeoisie).

As regards absolute rent, Marx sees it as the manifestation of the class alliance in question. It is interesting to look at Bortkiewicz' attempt to understand the problem of absolute rent. His analysis led him to two conclusions. First, absolute rent does not necessarily require that the organic composition in agriculture be less than that in industry. Thus the rate of absolute rent is not necessarily fixed, as Marx said, by the difference between the production price of agricultural products as such (the surplus value generated in agriculture being withdrawn from its general circulation) and what the price would be if capital, in circulating, did not have to contend with the monopoly of landed property. The rate of rent is determined through class struggle between the bourgeoisie and the landowners. I have reached the same conclusion, and have even drawn a parallel with industrial monopoly in which the redistribution of the surplus value depends on the struggle between the various segments of the bourgeoisie. It appears clearly when one compares urban ground rent in northern and southern Europe. In the first case, the industrial element of the bourgeoisie was strong enough to have reduced the small urban propertyowners to a state of bare subsistence: this became

possible with the alliance between the social democrats and the working class, benefiting from better housing conditions. In the second case, the industrial bourgeoisie came up against a proletariat fighting against its integration; being less strong, this bourgeoisie formed an alliance with a parasitic middle class made up of urban propertyowners. This alliance was not free, and the industrial bourgeoisie had to tolerate extortionate rents. Again, there is no economic rationality above the class struggle. However, Marx's apparent "mistake" has an origin: in his time, the organic composition in agriculture, then still backward, was inferior to that in industry. Moreover, capitalism was emerging from the state of simple commodity relations of the preceding mercantilist period. These relations gave rise to a range of relative prices (from agricultural products to cottage industry, which eventually faced competition from industrial products) which explains the genesis of absolute rent in the terms in which Marx expresses it. Hence, it can be seen that rent necessarily brings history into play and prepares the transition from the capitalist mode as an abstract concept (it is in this sense that I qualified it as ahistorical) to the capitalist formation as a concrete and historical concept (a product of class struggle and alliances). Karl Kautsky has already analyzed absolute rent in historical and concrete terms. He noted that the organic composition in agriculture was less than the average organic composition because capitalism developed primarily in industry. But he further noted that as it penetrated agriculture, capitalism raised the latter's ratio of organic composition.⁵

Bortkiewicz' second solution is that absolute rent does not exist because the capitalist, instead of paying this rent for the least fertile land, can obtain the same result by intensifying his capital investment in more fertile land (in accordance with the model of intensive differential rent which Marx evolved side by side with the one for extensive differential rent). This assumes that the capitalists take advantage of the competition among the landowners in order to reduce absolute rent to zero. But such reasoning presupposes the very absence of a class alliance between the bourgeoisie and the landowners as a group. Again, the economic error of considering competition as a rigid and un-

bounded rule overlooks the collective class nature of the state power which controls this competition. Yet again, the class (the whole) comes before its individual members (the parts); the whole represents more than the sum of its component parts.

Taking Bortkiewicz' reasoning a step further, Luca Meldolesi observed that the theory of rent rests on the assumption that only one agricultural product (i.e., wheat) is grown. With the possibility of producing several products (each having a different price), the scale of fertilities or investments cannot be established independently of prices. The only solution would be to determine at one and the same time rent, prices, and profit rates, as Sraffa has done. In my opinion, this is a return to the empiricism of apparent facts, since products are infinitely less specific than the market illusion suggests. The food products that serve as inputs in the reproduction of the labor force form a "composite group of products" which, in Marx's time, was made up of a (large) proportion of cereals and a (small) proportion of meat. Today the proportions are different, varying with the evolution of the value of the labor power, itself related to the development of the productive forces, as we have seen.⁶ Ground rent therefore clearly invites us to switch our attention from the capitalist mode to the history of capitalist formations.⁷

2. From the capitalist mode of production to capitalist formations: class alliances and the creation of the world capitalist system

We know that the Industrial Revolution in Europe was preceded by an agricultural revolution. We also know that between the "feudal" Middle Ages and the Industrial Revolution there were three centuries of transition, difficult to describe owing to the complexity of their social and economic relations. Another known fact is that capitalist industry progressed rapidly in Europe in the nineteenth century while agriculture stagnated, retaining some backward features. And finally, we know that at the end of that century, or in some cases even after the First or Second World War, agriculture in Europe took a second leap forward

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with the widespread use of chemical fertilizers and machinery; in other words, agriculture became "industrialized."

Three stages can therefore be distinguished: (1) the stage which we call mercantilism, from the fifteenth to the nineteenth century, characterized by the first transformation of agriculture, its commercialization and the disintegration of feudal production relations; (2) the nineteenth century, characterized by the full development of the capitalist production mode in industry; (3) the twentieth century, characterized by the industrialization of agriculture. Corresponding to each stage, there were different relations between agriculture and other activities (manufacture and trade, later industry). The theory put forward here is as follows: capitalist production relations first appear in the countryside but to a limited degree, owing to opposition from the feudal mode of production. Later, these relations transfer to new areas of activity (i.e., urban industry) where they achieve their mature form, abandoning agriculture. Finally, these relations take a hold over all social life, embracing agriculture in a more comprehensive and profound way. This switching back and forth is characteristic of the history of capitalism's relations with agriculture in the central capitalist formations. We shall see that this is not the case for the peripheral capitalist formations.

Let us first look at the first stage, that of mercantilism. During that period the two poles essential for capitalism to achieve its completed stage, i.e., capital and the proletariat, were formed. But they did not actually confront each other until the Industrial Revolution. Capital was still in a prehistoric form, that of accumulation of money wealth by the commercial bourgeoisie of Atlantic Western Europe. That bourgeoisie was amassing wealth from its monopoly of the triangular trade and its control of the slave-based export agriculture of the Americas. However, this type of accumulation was not yet different from that of the precapitalist long-distance trade: it was merely a monopolistic extortion of slave surplus labor at one end and feudal rent at the other. In the real sense, it was only potential capital. Similar phenomena occurred elsewhere, in other precapitalist civilizations: in the Roman Empire, the Arab world, the Italian and the Hanseatic

towns, the Islamized savanna areas of Africa, the seaport areas of southern China, etc.

The other aspect of mercantilism, which is of much more direct interest to us, is the disintegration of feudal relations, the proletarianization and commercialization of agriculture. This is characteristic of Europe during those three centuries, and it subsequently made the mercantilist period appear as a period of transition.

What happened to the feudal mode during that period? What sort of transformations did it undergo? In the feudal mode, the peasant is guaranteed access to land: a member of the village community cannot be driven away or proletarianized. Rent (that is, feudal rent, a special form of tribute) is paid in kind—in products and labor. But during those three centuries, first the feudal lords and sometimes some of the peasants became absolute owners of land. There was no longer any superposition of the rights of the two classes. This absolute right of ownership reintroduced the Roman law of *jus usi et abutendi*, with a different interpretation, i.e., as mercantile law. The class struggle between the peasants and the feudal lords decided in whose favor this transformation would be resolved.

What did these new absolute landowners (potential capitalist landowners, agrarian bourgeois, and peasants) do with their land? They invested capital in improving the land and sold a part of their output. In the case of former feudal lords or of the new bourgeoisie—derived nobility who had purchased land—rent in kind was replaced by money rent. In addition, land investments left a proportion of the rural population without employment. It was driven away, proletarianized. The people became vagrants, occasionally sold their labor power or were recruited into the king's armies. In England, this was also the period when people were hanged for theft. Another solution was to emigrate to America.

A market for agricultural products was established, based on the booming urbanization. In the towns could be found the Atlantic trading bourgeoisie, the royal courts and increasingly large centralized administration, the craftsmen who earned their

living from this expanding market, and the first manufacturing industries created by the king to supply his army and his administration.

The appearance of a market for agricultural products meant that henceforth rent circulated. It tended to lose its original characteristic of being unequal and began to even out over the different portions of land. It became, or tended to become, capitalist rent, although this process was not completed until after the Industrial Revolution.

Capitalist production relations and wage labor began to develop. This started in the towns with the development of manufacturing industries, but the process was slow since craftsmen remained organized in guilds, traders did not employ much wage labor except servants, and the administration paid its officials by granting them privileges. In the countryside, there was a more rapid development of wage labor, however since money was still scarce, tenant farming and sharecropping very often constituted steps leading to the proletarianization of the peasantry. The development of rural capitalist relations was restricted by the smallness of an urban market which, still in the preindustrial stage, had only a limited range of products to offer.

The political economy of mercantilism, or physiocracy, was developed by Quesnay. There can be no political economy to explain the precapitalist modes: the surplus being transparent, there is no mystery to elucidate. Physiocracy is the political economy of the transition to capitalism, this special transition known as European mercantilism: there is already a capitalist surplus in existence (the surplus value in capitalist agriculture and manufacture) and it circulates, but most of it is still located in the rural areas where it is interrelated with the new form of rent. Another example of the political economy of this transitional formation is given in *Théorie économique du système féodal*, by Witold Kula.⁸ Despite its title, it does not deal with a true feudal mode since the Polish feudal demesne of the seventeenth century was highly mercantilized, connected through the Hanseatic towns to Atlantic Europe.

Like long-distance trade, mercantile agriculture was not an exclusively European phenomenon. In the Roman Empire and

the Arab world, among others, there were private estates which marketed at least a portion of their products. Money rent, agricultural wage labor, tenant farming, sharecropping, and the absolute ownership of land existed in the Arab world, as is evidenced by the mercantile nature of Islamic law.

However, what was peculiar to Europe was the relation which emerged between the development of the commercial bourgeoisie and the disintegration of feudal relations (the commercialization of agriculture and the appearance of capitalist relations in agriculture). In *Unequal Development*, this exceptional character was explained by the equally exceptional—peripheral—character of the feudal mode in the family of tributary modes, by the fact that it was incomplete owing to the absence of rent centralization. This exceptional character was reflected in the special type of class alliances during the mercantilist transition. We know that in order to withstand feudal disintegration, the absolute monarchies of Europe of the period made an alliance with the commercial bourgeoisie. They also tried to maintain a certain balance between the feudal class and the peasantry, sometimes allowing the scales in the class struggle to tip in favor of the peasantry, thereby speeding up the appearance of a peasant landowning bourgeoisie. In contrast, in the formations based on a mature tributary mode (China and Egypt), the ruling central power never had to form such alliances: there was never any feudal autonomy. In the formations based on long-distance trade (the Arab world, Sahelian Africa), the surplus extracted from agriculture was invariably too small to enable the commercial class to bring about the disintegration of the rural world as it did in Europe.

The industrial revolution opened a new era. After appearing in embryonic form in the rural world, capitalist relations spread to industry where they achieved their completed form. There was money available which could be transformed into capital; the proletariat was also in existence. The handicraft market was too small to cope with the supply of agricultural products, thus a powerful motive appeared for some craftsmen to invent the first machines. Of course, the new industrial capitalist class did not necessarily derive from the former commercial bourgeoisie. The latter generally allowed itself to be absorbed by the system: it

purchased lands or patents of nobility. The newly enriched peasant or the gentleman farmer, the financial adventurer or the court and army supplier grabbed the money accumulated elsewhere and set up new industries.

This industrial revolution took place through the alliance between the new bourgeoisie and the landowners. The motives involved were not simply political or ideological (the sacred nature of private property). As P.-P. Rey has shown in *Les alliances de classes*, the private ownership of land played an essential part in the development of capitalism. It made it possible to expel the surplus population which consequently swelled the ranks of the proletariat. This alliance took different forms according to historical circumstances. We may roughly distinguish between the form it took in England, where the bourgeoisie made an alliance with the big capitalist landlords until they merged into one single class, and the French pattern, in which the bourgeoisie joined with the peasants to bring about a radical agrarian reform leading to the emergence of a new rural class of the kulak type.

Whatever form this alliance took, its cost involved the extraction of a part of the surplus value in favor of the landowners. We can now refer to capitalist rent in the full sense of the term since it is retained from surplus value. The mechanism resulted in high prices for the basic necessities and hence in larger expenditure on wages and reduced profits for the capitalists. These high prices of basic necessities were simply a continuation of the prices prevailing in the transition period. In turn, this landownership monopoly freed its beneficiaries from the constant obligation to improve their production techniques, under the pressure of competition, from which no industrialist could escape. Thus the gulf widened between the modernization of industry and the comparative stagnation in agriculture.

The agricultural sector supplied the towns with their basic food requirements and raw materials for which, in return, it received manufactured consumer goods rather than production goods as during the mercantilist transition period. The relations were fairly evenly balanced.⁹

This autonomy of rural society—autonomy and not autarky—

hindered the development of capital. It is obvious that rent was not a category of the capitalist mode and that it slowed down the accumulation of capital. Ricardo had already perceived it as the source of a bottleneck which John Stuart Mill was later to express in very precise terms.

This is why capital attempted to reduce progressively this drain on the economy which rent represented. How? Land nationalization was certainly the most radical way. This is why Lenin regarded it not as a socialist reform but as a revolutionary bourgeois reform. The measures taken toward municipal ownership of urban lands in the most advanced social democracies were a step in that direction.

The third phase opened with the industrialization of agriculture which was henceforth to supply an increased number of products to the towns but, in return, was to receive not only manufactured consumer goods but also agricultural inputs (fertilizer, equipment, power). This phase took particularly varied forms since it started at a time when a world system was already being set up under the wing of monopoly capital. Reduction in rent was therefore being achieved by changing the internal and external class alliances. Consequently the agricultural sector of the periphery was becoming integrated and dominated by capitalism. But before dealing with this decisive question, it is useful to look into the debates in the socialist movement concerning the development of capitalism in agriculture.

3. The development of capitalism in agriculture: the theories of Kautsky, Lenin, and Chayanov

In this field as in others, social democracy reduced Marxism to an economic level. The end of the nineteenth century in Europe saw the beginning of the third phase of the capitalist development in agriculture. Social democracy stated, in very simple terms, the law governing this development: competition must gradually bring about the replacement of the peasants by big agrarian

capitalists having the necessary capital to start the process of mechanization. Concentration of landownership, like that of capital ownership, is the characteristic tendency of this development.

However, let us do justice to the Second International. While the popular version of social democracy saw the concentration of landownership as the only trend of evolution in agriculture, Karl Kautsky analyzed the capitalist domination of agriculture in more subtle and surprisingly modern terms in *The Agrarian Question*. Kautsky first noted the fact of resistance to concentration. He expanded on this, showing the contrast between the small peasant farm and the big capitalist farm in terms of "the harder work . . . on the part of the worker who produces on his own account, in contrast with the wage earner." He drew the conclusion, as regards the small peasant, that "when the price obtained for his products, after deducting his expenses, is sufficient to pay for his labor, he can manage to live; he can forgo profit and ground rent." Kautsky explicitly analyzed the problem of the relations between capitalism and agriculture in terms of political class alliances, in terms not of simple development of capitalist agriculture but of domination of industrial capitalism over non-capitalist or precapitalist rural forms and in terms of actual dispossession although, in theory, landownership was retained. Kautsky went on to describe the small peasant as "a serf of industrial capital." He gave the specific example of the firm of Nestlé at Vevey whose "inhabitants are outwardly owners of their lands but no longer free peasants." Kautsky also analyzed the competition from overseas products, noting that "we can divide into two categories the countries whose agriculture produces at lower cost than European agriculture: the plantations of oriental despots and the free or former colonies." We shall be looking into these questions later.

As we know, Lenin borrowed extensively from Kautsky.¹⁰ Thus it is with the assumption of the law of increasing concentration that he examined the development of capitalism in agriculture in Russia. Concentration of ownership of land and of the means of production (ox-drawn ploughs), the appearance and expansion of the number of agricultural workers in absolute and relative terms, increasing differentiation within the peasantry and

the strengthening of the position of the rich peasants (kulaks) at the expense of the medium peasants—these were the trends of the system. Lenin nevertheless noted that these were only general trends. Forms of transition could, for a time, mask the fatal outcome: the outright proletarianization of the peasants.

However, it was Chayanov who made a shrewd and penetrating analysis of the interaction between capitalism and agriculture.¹¹ Chayanov began with an analysis of the peasant mode of production which is noncapitalist, based on family units of peasant workers—owners of their land whose product is intended mainly for family consumption, although a small fraction of it is sold (to pay taxes and to satisfy an urban demand which in return offers manufactured goods in competition with cottage-industry products). In this mode, he noted, it is not possible to differentiate between the factors of production (land, capital, labor) as is very artificially done in the marginalist theory. The basic unit is both the production and the consumption, and commodity trading is of marginal importance: rural economists are fully aware that peasant life is not simply concerned with production, as is the industrial enterprise; it is as much a way of life as a mode of production. With this in mind, Chayanov introduced the idea that the organization of production (the quantities of the various products, how intensive the method should be, etc.) depends on how the family's needs are balanced against the hardship involved in the labor. This balance between the two factors is itself dependent on the size of the family (the ratio between nonproductive and productive members) and the size of the family plot. And since the size of the family alters in the course of time, as does the plot of land with every succession, Chayanov concluded that the rural world has a particular evolutionary differential rate which he termed "demographic differentiation" in contrast with the class differentiation emphasized by Kautsky and Lenin.

Chayanov's theory has not generally been well received. The balance between the satisfaction of needs and the hardship involved in the labor is viewed as an unacceptable extension of Robinson Crusoe's hedonistic economics. Actually, the critics fail to see that Chayanov's analysis is the result of the following observation: the peasant in question is not a capitalist entre-

preneur, he does not seek to maximize the profits from his "capital" and to accumulate, but primarily to live off the land which is his by virtue of a peasant social organization.

In my view, the real problem lies elsewhere. It is to understand the nature of this peasant mode of production and its position among the various types of social formations. The following observations address that end.

First, this mode as presented by Chayanov belongs to the family of small commodity modes of production: the producer who owns his means of production (land and implements) trades his products (at least a part of them) with other commodity producers placed in a similar situation. But although these modes of production occur frequently throughout history it is never on their own and still less in a dominant position. In Chayanov's view (reinforced by the studies of Daniel Thorner) a peasant economy of this type would become a predominant reality when a certain number of conditions are met: statistical predominance of the rural population, the vast majority of them being small freeholders; trade between town and countryside based on the specialization of rural crafts and urban manufactured products and involving only a minor proportion of agricultural products; a state system of the "peasant" type, etc. These conditions would seem to have been fulfilled only in very special cases, since the state system is not generally based on the peasants but on a ruling class which exacts a tribute rather than taxes from the peasant communities. We should therefore analyze the social formation in question in terms of tributary society.

Mercantilist Europe, from the Renaissance to the end of the eighteenth century, was eminently suited to the development of a peasant economy of this type. Why? Because the feudal mode constituted an extreme, peripheral form within the family of tributary modes, an incomplete form characterized by the dispersion of the feudal surplus (feudal rent), its noncentralization and nonredistribution at the level of the state ruling class as in the mature tributary mode. Under these circumstances, the appearance and development of the centralized monarchies of Europe were based on the curtailment of feudal power, on its subordination. In this endeavor, the monarchies relied mostly on the trad-

ers and the towns but also on the peasants. It was therefore largely through the disintegration of feudal relations that the peasant economy in question developed.

This peasant economy, largely characteristic of seventeenth-century France, survived during the three centuries of transition from feudalism to capitalism, alongside the mercantilist commercial and manufacturing economy. Physiocracy, as we have seen, is broadly the political economy of this period.

This is not, however, the only form of transition to capitalism. In Eastern Europe, the peasant economy was linked with the large-estate economy in which production was mostly sold, in particular to the more urbanized Western Europe. It is certainly not nonsensical to speak of peasant economies belonging to the family of simple petty-commodity modes. We find similar examples in the history of other peoples and other parts of the world. New England was basically such a peasant economy, as, under other circumstances, was agriculture in the Arab world and some regions of precolonial Sahelian Africa.

One of Chayanov's most important discoveries concerning this mode of production relates to the price of land. The commercialization of its produce leads to land itself becoming a commodity subject to commercial dealings, whereas this did not occur in the direct tributary modes or in the feudal mode, characterized by the inalienable right of the peasant to the soil. Chayanov noted that in those modes the price of land was not equivalent to the capitalization of rent (which did not exist) but to the work required to satisfy the needs of the family.

His second observation was that the peasant mode of production, once integrated into a capitalist formation, is stripped of its content and dominated by the capitalist mode of production. Chayanov noted, in relation to Russia at the end of the last century, the peasant economy's strong capacity to fight capitalist competition. He positively stated that the small peasants could accept total earnings so low that they left capitalist agriculture unable to compete.

This observation is very important because it means that this peasant mode cannot be studied outside the context of the overall formation within which it falls. To speak of capitalist competition

amounts to assuming that the small peasant must bring his prices into line with those of the most efficient agrarian capitalist competitors, whether nationals or foreigners in the form of the import of competitive products (American wheat in competition with English wheat is a classic example). What then did a reduction in peasants' earnings mean? That: (1) ground rent (rent imputed to ownership) was abolished; and (2) the rewards to labor—which amounted to the product prices—came into line with the value of proletarian labor power.

Thus dominant capital wiped out rent, i.e., abolished landownership. It proletarianized the peasant worker. The latter certainly remained the formal owner of the land but was no longer its effective owner. On the surface, the peasant remained a commodity producer who offered products on the market, but in actual fact, was a seller of labor power, this sale being masked under the cover of commodity production. Thus the peasant was actually reduced to the status of a person working at home under the domestic system.

Chayanov elucidated these points without always establishing all the links between the various elements of his theory. Comparing the results of regionally organized agricultural production without private landownership (organization based on the state's possibility of detailing agricultural producers to work on individual plots of land) with the results of a system with recognized landownership (Von Thünen's assumption), Chayanov deduced that the first case gave rise to a greater intensification and a faster growth of production, hence capable of satisfying greater urban demand. In this way, he demonstrated that landownership and rent were obstacles to the development of capitalism.

He laid bare the mechanisms which stripped the peasants of their effective ownership of the land, leaving them only with nominal ownership. From an internal analysis of the various elements entering into production costs, he noted that the optimum farm was not necessarily the largest farm: under the conditions existing in Russia, the optimum was about 5,000 acres for extensive cereal cultivation and 1,235 acres for intensive cultivation of the same crop. Capital domination is therefore not explained by the unlimited concentration of landownership. It

occurred, Chayanov pointed out, through vertical concentration, i.e., by placing food industries over a group of medium-range peasant farms. By controlling the sale of the produce, these industries could effectively manipulate the level of remuneration of the peasant. Postwar French agricultural economists have been greatly influenced by these views.¹²

Chayanov's analysis of the mechanisms by which the capitalist mode dominated the peasant economy introduces new elements which were disregarded in the narrow economic analysis of social democracy. Chayanov in fact noted that ground rent was high when the land was of poor quality and the rural population of high density. This is easily explained in the logic of his system where the peasant—who was not a capitalist entrepreneur—accepted in that case even lower rewards for his labor. Hassan Riad has analyzed the dialectics of "class differentiation" and "population differentiation" in Egypt along the same lines as Chayanov: evolution conditioned by the combined forces of population pressure together with increasing commercialization of agriculture in Egypt led to a continual increase in the rates of ground rent between 1880 and 1952.¹³

4. The domination of agriculture by the capitalist mode of production

The third development phase of capitalism saw the actual beginning of the subordination of agriculture to capital. Furthermore, this subordination occurred throughout the world since this third phase coincided with that of imperialism, i.e., with the establishment of the world system in its present form.

The main consequence of the subordination of agriculture was the abolition of ground rent. England provides the first historical example of this liquidation which occurred even prior to the beginning of the third phase in question. We know that English capital abolished ground rent simply by liquidating agriculture in England: this was the reason for the repeal of the Corn Laws and for the recourse to American wheat which did not have to bear

the cost of ground rent. This operation put an end to the class alliance between the industrial bourgeoisie and the big capitalist landowners which had shaped the essential aspects of economic and political life in the first half of the nineteenth century. In the case of England, large estate ownership was linked with industrial capital. This largely made up for the former's loss of its economic importance, as did the maintenance of the political and social privileges of that class, represented by the House of Lords.

In continental Europe, the subordination of agriculture to capital did not occur in the same way. The new industrial bourgeoisie, weaker and sometimes threatened by the rising working class—early in France and much later in Germany—was compelled to form more permanent class alliances with the peasantry who benefited from the bourgeois revolution in France; with the middle strata of the former artisan and trading groups of the mercantilist period in southern Germany and Italy; with the big capitalist landlords in eastern Germany, Central and Eastern Europe, and in southern Italy and Spain. The process of subordination of agriculture there is thus of recent origin, very often occurring after the Second World War. The distortion of relative prices at the expense of agriculture which accompanied the intensified industrialization of agriculture is a typical example of the way in which peasant landownership, while maintained in theory, was rendered ineffective since it no longer produced rent and reduced the peasant's earnings to that of his labor power.

Conventional economic analysis does not understand this mechanism. It attributes this modification of price structure either to the structure of demand (the low elasticity of demand for food products) or to the market structure (opposing the low and dispersed agricultural supply to the concentrated demand of wholesale and food industry oligopolies). These observations are not wrong but they remain superficial and at the level of observed phenomena.

The first condition of this subordination of agriculture is the intervention of dominant capital in the actual process of production in agriculture. This is not the capital deployed in agriculture in the form of equipment utilized in agricultural production. It belongs to those food industries and trading concerns linked with

the agricultural producers. Through the standardization of products, the expansion of industrial food processing, and the concentration of networks for collection and marketing, the agricultural producer's production plan is subjected to control by this capital. He is no longer really a free commercial producer producing, in the first place, what he likes and in his own way and later selling a part of it. He is reduced to the status of a proletarian working at home. This interference in the production process clearly indicates that capital is not the sum total of all individual capital. It is more than that; it is global prior to being fragmented. Again, we could never understand the meaning of capitalism if we confined ourselves to a survey of capitalist farms examined separately. The path of concentrating landed property and directly proletarianizing the peasantry is not the principal one followed by capitalism in developing its relations with agriculture but rather is the exception, more costly since it maintains—and often reinforces—the drain which rent represents. This path becomes the principal one only when a particular class alliance demands it. Capital prefers subordinating the peasantry according to the pattern described by Chayanov, for capital then obtains not only a better overall rate of profit but also better political control over society. Remaining, in name only, the owners of their means of production, the peasants build an ideological picture of themselves which separates them from the proletariat. They believe that their interests diverge from those of the proletariat, and on the face of it they are right since higher prices for their products improve their situation at the expense of the working-class consumers. A contradiction thus develops among the people, of which capital takes advantage.

The second condition underlying the subordination of agriculture is of a political nature. Capital can only give up its class alliance with the landed aristocracy if it can replace it either by a social-democratic integration of the working class or by other class alliances. The first case no doubt applied to northern Europe and the United States. The path for this development was smoothed by the old social-democratic tradition of England (sustained by the immense and long-standing size of its colonial empire), that of Scandinavia (encouraged by the limited extent of

feudalism in that part of Europe, particularly in Sweden), and that of Germany (encouraged by the destruction of communism by Nazism and the force with which Nazism was rejected in the form communism took in East Germany). In North America, the integration of the working class took place even before that class had defined itself politically and ideologically. This did not occur in southern Europe (France, Italy, Spain, Greece) where the working class has never really had a share in political power, since this was threatened capital—as shown by the repeated short-lived experiments of popular front movements. Thus the development of capitalism occurred under authoritarian right-wing regimes (from the Second Empire to the rule of de Gaulle, Franco, Italian facism, etc.) which relied on the peasants, the petty traders, the notables and big landlords, the urban speculators, etc., depending on the case. During the last period of rapid development in this region of Europe (1948-1967), the illusion was fostered that capital could free itself from these alliances by replacing them with alliances with the upper crusts of the new "proletariat" made up of cadres and technicians, through a policy of deliberately accentuating the inequality in income distribution. May 1968 in France, like the creeping "May" movement in Italy, demonstrated the ideological failure of this attempt, the narrow base of the social-democratic working class, and forced capital to seek other alliances with parasitic sectors of the new "petty capitalism" of the tertiary sector, the urban speculator group, and so on.

But the subordination of agriculture is now increasingly taking place on a world scale. It is only in the last few years that the integration into the world capitalist system of countries which have become underdeveloped has begun to be the subject of a scientific, coherent, and systematic analysis. The outlines of the theory of the center and the periphery in the world system have now been developed. Starting with a systematic criticism of the conventional approach to "underdevelopment" (one of the fields in which social science studies have most clearly failed) and with a critique of the linear vision of development characteristic of the mechanistic philosophy underlying the dominant economic ideology, this theory has now formulated in positive terms the

nature and mechanisms of world accumulation and unequal development. The criticism of Rostow and of "dualism," the debates on dependence, extraversion, and unequal exchange, and those relating to the periodization of the development of capitalism as a world system, are the steps in this formulation.¹⁴

Possibly because of its recent origin, this formulation, in spite of its wealth of ideas, does not come readily enough to mind when one is dealing with particular aspects of underdevelopment. One decisive result emerges from the theory of the world system: precisely that the unity of the system (not to be confused with homogeneity) is predominant, i.e., ultimately determines the nature of the components of that system. In other words, we would be making a fundamental mistake if each time we studied a particular phenomenon of the Third World, we looked for its "cause" in the Third World itself instead of placing it within the dialectic of the world system. For example, there is the debate relating to "marginality" which opposes the views of those who regard it as a phenomenon peculiar to the periphery and those who consider it as the effect, within the periphery, of the law of accumulation. There is also the debate on the relations between the state and social classes, opposing the views of those who define these relations in their immediate local context and those who place them in a world context. There is the critique of the theory of spatial planning and regional development, inappropriately transferred from the center to the periphery. These are all good examples of such blunders. The analysis of the relations between capitalist development and agriculture in the periphery may suffer the same fate.

Since capitalism at the periphery is the result of external aggression, and not of internal evolution, the first phase referred to above does not occur in it. We know that in the underdeveloped countries, there is no agricultural revolution prior to industrial revolution, as in Europe; on the contrary, the order is reversed: what we call the "green revolution" is a contemporary phenomenon. Daniel Thorner rightly notes that there was a nucleus of rich peasants in India as early as the nineteenth century but that the kulak class has become significant in Indian society only in the

last ten years. Broadly speaking, the agrarian reforms which gave rise to this type of rural capitalism became widespread only after the Second World War.

Capitalism was first introduced into the periphery through comprador trade in the hands of foreigners (the colonial companies and the Asian minorities in Tropical Africa) or of nationals (in Latin America, the East, and Asia). Later this occurred through the export of capital in mining and plantation agriculture owned either by settlers (French Maghreb, Kenya, Rhodesia, and South Africa) or by foreign companies established under colonial or semicolonial concessions (United Fruit in Central America, Unilever in the Belgian Congo, Firestone in Liberia, various types of European tea and rubber plantations in Ceylon, Indonesia, Indochina). In Latin America, the indigenous agriculture generally turned into a capitalist latifundia agriculture for export (such as coffee plantations in Brazil, sugar plantations in Cuba, cattle ranches in Argentina). The phenomenon rarely occurred in the East and in Asia, and the agricultural products marketed, either through export or on the domestic market, derived generally from sectors still governed by production relations of a precapitalist type. Egypt, where the dominant form of latifundium was capitalist, is an exception. In sub-Saharan Africa, agricultural production for the market was practically unaffected by this type of direct agrarian capitalism.

Later, in the recent past, capitalism flourished anew on the wave of the industrialization linked with import substitution. Consequently, the demand for food products rose. But more often agriculture, hampered by precapitalist production relations, has been unable to meet this demand. Hence the paradox that the Third World, with the bulk of its population engaged in agriculture, becomes an importer of food products supplied by the center.

At this stage, not yet really superseded in the Third World and still less in sub-Saharan Africa, the capitalist mode of production is established in other sectors than agriculture and dominates the entire society. In this setting, the main functions of the subordinate, so-called traditional rural society are the following: (1) to supply cheap labor to the mining industry and to the plantations;

(2) to supply food cheaply, thus enabling the value of labor power to be reduced in the directly controlled capitalist sectors; (3) to enhance the real value of luxury consumption of the privileged groups (comprador and bureaucratic bourgeoisie), particularly through the supply of cheap services (domestic, etc.).

These objectives are met through a series of economic and political measures applied according to circumstances. Very often, they are achieved through a class alliance between dominant foreign capital and the ruling classes of the precapitalist society. At this point, we must mention the entrenched position of the big landowners, common in Latin America, in the Arab Middle East, and in Asia. This leads to a worsening of the precapitalist forms of exploitation, particularly ground rent, which on the one hand provides a market for new capital (a market for luxury consumption) and on the other, pauperizes the peasants and drives from the land a proportion of them who then supply the required cheap labor. These methods must be studied in conjunction with unequal development—particularly in its regional effects—and the set of phenomena termed “marginalization.”

The variety of economic and political measures employed in sub-Saharan Africa must be examined in relation to the structures of dependency they developed. We can distinguish between three types of policies for the transition to underdevelopment, which correspond roughly to three regions of the continent south of the Sahara:¹⁵ (1) the colonial trading system of West Africa; (2) the system of concession-owning companies of the Congo basin; (3) the system of reserves in eastern and southern Africa. In that context, I have elsewhere analyzed the phenomena of unequal regional development (the genesis of countries and regions termed “least developed”)¹⁶ and those of migration in West Africa¹⁷ which arise from it and express the domination of capitalism over rural societies. These societies, while retaining their precapitalist appearance, are no longer really such, having been greatly distorted and transformed.

In the next stage, the pressures of urban capitalism led to great changes in the rural world. In Latin America, in the Arab countries of the Middle East, and in Asia, the era of agrarian reform began. More or less radical, these changes became generalized

after the Second World War, with independence in India, with the wave of petty-bourgeois nationalism in the Arab world in the fifties, with the populist movement and especially that of *desarrollismo* in Latin America, also in the fifties. These reforms, in bringing to an end the former class alliances between foreign capital and the big landowners, replaced them with the new triple alliance between foreign capital, the local urban bourgeoisie (private and/or state), and the kulaks. They formed the social basis of the green revolution which followed.

In sub-Saharan Africa, the pattern of evolution in agriculture is different: there is no social disruption similar to that caused by agrarian reform elsewhere, but only an extension and a more intensive application of the colonial trading system. The reason for this peculiarity lies in the nature of the class alliances under colonialism in Africa and the patterns of their neocolonial renewal. The colonial administration must not be seen simply as an apparatus for the political domination of conquered regions. It fulfilled crucial economic roles, leading P.-P. Rey to speak of a "colonial mode of production."¹⁸ European imperialism certainly met with a variety of societies ranging from the type which had almost no class structure to advanced tributary societies (termed feudal). But it was always confronted with comparatively weak societies in terms of human population and the degree of their state organization. This was largely due to the debility which sub-Saharan Africa suffered as a result of the slave trade, including ethnic fragmentation, breakup of large states, and reduction of the population. Under these circumstances, the colonial power could assume direct control of the social life of the peoples conquered, giving less importance to its alliance with the ruling classes of these societies than it did in the colonial Asian or Arab world or in independent Latin America and Asia. Not that such alliances did not exist in sub-Saharan Africa: during the first period, i.e., during the conquest and occupation which followed, they played an important part in the strategies used to establish foreign domination. But they lost importance as the occupation became secure, and were subordinated to direct administrative rule.

The colonial administration thus fulfilled the economic and

social functions instead of the local propertied classes. Through administrative measures, it channeled the population into small reservations, as was the case in Kenya and southern Africa. Elsewhere, it took over from the concession-owning companies which were real private administrations. Through the imposition of money taxes, it also introduced forced labor and compulsory crops, and the establishment of the *économie de traite*. When it developed class alliances with the local ruling classes, these alliances served to reinforce its direct intervention.

These direct economic functions of the colonial administration in turn molded the nature of the *économie de traite*, a concept which is oversimplified and badly understood even when it is recognized. Anglo-Saxon economic terminology does not even have such an expression, using the meaningless translation, "trade economy." In the French-speaking world, the expression as it was introduced after the war by Marxist geographers, in particular Jean Dresch, lost its true meaning as it became more widely used. It was reduced to description of an economy characterized by peasant producers' specialization in export crops (peanuts, cotton, coffee, cocoa), exchanged against mass consumption manufactured goods (textiles, hardware), with colonial trading firms controlling trade in both directions. This description is correct but insufficient. To stop here would imply that the extension of the *économie de traite* is achieved through the "normal" economic laws of comparative advantage and that the persistent poverty of the producers is attributable to the obvious monopoly of the colonial firms in question.

But the *producteur de traite*, the producer under that system, is not a petty-commodity producer, in spite of appearances. The administration and capital intervene in the productive process and actually control it. There is a host of administrative measures employed to force the peasant to produce what is wanted and in the manner desired: from pure and simple compulsion to the slightly more subtle approach of taxation in money form. Meanwhile, the authorities are only prepared to buy one particular product from him. There is also the form of compulsion arising from promotion or modernization of the "rural training" services (agricultural extension accompanied by the almost forced pur-

chase of equipment—ploughs, seeders, hoeing equipment, insecticides, fertilizers), “provident societies,” and “cooperatives.” The constant interference of the administration in the productive process ensures and supplements that of capital: both the visible part of that capital—colonial trade, minor agents, transport—and the invisible part, the capital of the processing industries located in Europe or on the coast of Africa. Again, capital is social prior to being fragmented.

Thus dominated, the *producteur de traite* is stripped of the real control of his means of production. In theory, he remains the traditional owner of the land, and the owner—in the bourgeois, individual sense—of the equipment. However, he is not in control of his production nor can he decide what to produce on the basis of comparative prices. He is therefore not really a commodity producer. His remuneration does not include either compensation for his ownership of the land, i.e., ground rent, or a return on his capital; he is reduced, owing to the domination of capital, to the value of his labor power or frequently to even less. Productivity gains induced by the vaunted improvement brought about by agricultural extension services are immediately taken back through price deterioration. The consequences of this situation are known: the wastage of land through mining exploitation, the peasants’ resistance to proposed “modernization,” and so on. A peasant reduced to this status is a semiproletarian: a proletarian, because he is subjected to capital exploitation which extracts surplus value from him; a semiproletarian, because he retains the appearance of a free commodity producer. Objectively proletarianized, the peasant remains a small producer in terms of his class consciousness.

Independence has brought no change whatsoever to this system. The new African government fulfills the same functions as the former foreign administration. Hence we have the importance attached to education, its forms, the recourse to the foreign language and, arising from these, the characteristic alienations that occur in the course of the reproduction of this class. This class, like the administration it replaces, is not only a bureaucracy, it also intervenes in the process of production by the peasants.

This type of capital domination over agriculture is not particu-

larly advanced, although it is highly profitable: in spite of the low levels of productivity it gives rise to, the remuneration of labor is so low that prices remain competitive. This explains the lateness of the green revolution in Tropical Africa. This profitability is obtained at the cost of soil exhaustion, deforestation, desert encroachment, and lateralization eventually revealed by drought. It is also obtained at the cost of a remuneration to labor below the value of labor power, which can be wasted, as seen in the exceptional level of mortality, malnutrition, and famine resulting from the fall in food production or rural depopulation.

Broadly speaking, there are two categories of *économies de traite*: the plantation economies and the other “poorer” types. When the plantation zones are pinpointed on the map, obvious correlations appear between the expansion of these plantations and several other factors, among them: (1) a certain hierarchic division in precapitalist society, which permitted a favorable local class alliance ready to accept this strategic objective; (2) an average population density of thirty inhabitants per square kilometer; (3) the possibility of bringing in migrants foreign to the ethnic group of the plantation zone to initiate the process of proletarianization. We also distinguish between two subcategories of plantation economies in relation to these factors: kulak capitalist plantations, as in Ghana and the Ivory Coast; and the family micro-plantations, as in the Cameroon. As for the second category of *économies de traite*, i.e., the “poor” savanna type, it also takes different forms. In predominantly Muslim areas, it frequently takes the form of religious brotherhoods and sultanates (Mouride in Senegal, Ashiqqa and Khatmia in the Sudan, and the emirates in Nigeria), and presupposes a class alliance with the leaders of the religious brotherhoods. Another form, common in the regions where such an alliance is not possible, is characterized by the presence of so-called intervention companies.

Has the *économie de traite* entered a period of grave crisis which heralds its decadence and imminent collapse?¹⁹ By what type of economy could it be replaced? Peasant cash-crop agriculture in the dry zones of the Sahel and the African savanna regions has been competitive only because the peasants have received extremely low rewards for their labor. Following the general law

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of unequal international specialization and of the consequent unequal exchange, the gap between the earnings of African peasants producing peanuts and that of capitalist soybean producers (these being mutually substitutable oil-yielding crops) was even greater than the gap between their productivities. A pauper economy of this type was only possible through a gradual exhaustion of the soil by mining without any concern to restore its productive capacity. It was also accompanied by an overexploitation of the peasantry which was reduced to a level of subsistence verging on starvation. The continually worsening conditions of the *économie de traite* were bound to lead to its eventual disappearance. The poor rainfall cycle of the last few years has suddenly revealed the destructive nature of this system.

As to replacing this primitive form of colonial exploitation with a new agrarian economy, it would seem that irrigated farming will become more intensive and more modernized. This "improvement" of farming will certainly cause landownership to become a more important element of social differentiation than has been the case until now in extensive dry farming. This intensification is the precondition for bringing to tropical Africa the green revolution which, as we know, has accelerated class differentiation. Similarly in stockfarming, the trend is likely to be a gradual changeover from seminomad extensive herding to raising animals on ranches. An anonymous article in the English journal *The Economist*,²⁰ cynically informs us that the African Sahel is eminently suited to the production of meat for the developed world and that this vocation implies the disappearance of the seminomad herders who make up the present population. The new ranches which are increasing in number throughout the world under the impact of agribusinesses and foreign "aid" and which have priority in the use of water resources, in fact only require a very small amount of labor. When deprived of water, these superfluous herdsmen will disappear. Thus African agriculture and stockfarming, boosted by the green revolution, will contribute to feeding the Europeans while the local populations will be asked to emigrate or "disappear".

In its various forms, capital's domination over African agriculture is already a characteristic feature of rural life throughout the African continent.

CHAPTER 3

In Praise of Socialism

The question has been put to me whether the world is headed toward cultural uniformity or will retain its variety. To answer this, we need to know what culture is, what civilization is; we need to identify its component parts and see how they fit together. Only then will we be able to understand how each part acquires its true meaning through reference to the whole, to society. There is a mysterious (and mystical) halo that surrounds so many commentaries on the fine arts, the intuitions suggested by linguistics and by what is called the "psychology of peoples," the citing of a few clearly incidental connections between elements of the natural world and elements of social organization or of ideology (political practices, scientific ideas, or art forms)—but it hardly suffices to hide a real conceptual void.

1. *Culture is the mode of organization of the utilization of use-values.* What are use-values? Can we define them, determine their limits, even attempt to classify them into categories? Can we describe the precise nature of this organization and the way in which it works? Can we, finally, understand the relations (either harmonious or contradictory) among different modes of organization on the different levels that are relevant to them? These are questions that I shall try to answer from a historical perspective, that is, in essence, by contrasting precapitalist social formations with those of the contemporary world. And since "the point is not to interpret the world but to change it," I propose to define the point of departure of the so-called socialist utopia: the vision of a disalienated society. Outside of this perspective, there is no sal-

vation. One who refuses to conceive of a disalienated society accepts alienation, and in so doing, renounces the possibility of understanding scientifically how society works. And if ideology is the false, alienated consciousness of an alienated society, the science of that society is inseparable from its ideology. A science that is truly and totally disalienated does not yet exist; but we can catch a glimpse of it, just as we can envision human liberation, once we become aware of our false consciousness. It is time to repeat: reason and emotion are the inseparable products of existence and activity, physical and spiritual, social and individual.

2. *All precapitalist social formations are based on the direct apprehension of use-values, without the intermediary of exchange-value.* Of course, commodity exchange exists in many precapitalist social formations, but in none of them is the mode of (simple) commodity production dominant. That is why the very concepts of exchange-value and use-value could not be formulated until the capitalist mode appeared and the commodity form, not only of the entire social product but of labor power itself, became general. We know that it is only with capitalism that the dialectical unity exchange-value/use-value—like the dialectical unity social/individual—appears as an object of social science. And only with capitalism does the same word “value” begin to be used for both terms of the contradiction.

To be sure, it is also interesting to see how the embryo of a social science based on the dialectic use-value/exchange-value appears in those peripheral and exceptional precapitalist formations in which commodity exchange performs decisive (although not dominant) functions. That is the source of the extraordinary attraction that Greece has for modern minds.

When use-values are apprehended directly, it is impossible to conceptualize them as anything but a multiple reality. In precapitalist formations, the abstract concept of use-value does not exist; there are only concrete use-values. These are both individual and social at the same time. The complex always explains the simple, as Marx reminds us. But in precapitalist consciousness, only the individual aspect is apparent.

Because it is impossible for precapitalist individuals to isolate the concept of use-value, they cannot define a domain of economic activity with limits that indicate the existence of another domain, that of noneconomic social activity. Use-values occupy the whole of social life. All things, material or immaterial, that meet precapitalist social and individual needs are use-values. Thus various foodstuffs, tools and utensils, clothing and shelter, art objects and collective monuments are all use-values, but in the same way so are the means of expressing scientific ideas, beliefs (ritual sacrifices, prayers), and ways of satisfying emotional needs and of solving family and social problems.

In precapitalist formations people do not differentiate between the time spent working and the time devoted to other social occupations. Not that people cannot tell how many days it takes to sow millet or rice, but they do not analyze that time in terms different from those used to designate and measure the time devoted to, say, settling village disputes. They make no distinction between working time and so-called leisure time, because the latter, which in reality is only recuperation time, implies the commodity nature of labor power.

The unity of social time thus makes it impossible for precapitalists to define a specific domain of economic activity, and therefore a science of economics. Moreover, in precapitalism the economic system is transparent, as we have already shown.² For this reason, the dominant characteristic of precapitalist modes is always the superstructure, although the infrastructure of course remains determining in the last analysis.

The direct apprehension of use-values does not mean that people are free—that is, that they know their limits—because it takes place at a level of development of the productive forces that is still very low. The consequences of this fact are of fundamental importance.

First, we are dealing with class societies. This means that the total quantity of use-values is very unequally appropriated, and the share of most people is extraordinarily limited. It is this poverty of the majority that is the condition of the wealth of the minority, who, through the direct apprehension of wealth, can

develop their humanity, their science, their taste, art, emotions. The humanity of some has as its counterpart the reduction of others to an almost animal state. That humanity, therefore, is necessarily limited, deformed, and alienated.

It is alienated because the ideology—which, given the transparency of the economic relations, cannot but be dominant—is not a cynical lie invented by profitmakers. The ruling class is as much subject to the ideology—its own—as the oppressed class. The low level of development of the productive forces means that the whole society is subjected to the forces of nature; the dominant ideology is necessarily religious.

3. *Consequently, all use-values have this characteristics: they are apprehended simultaneously as means of direct satisfaction of needs and as manifestations of religious alienation.* As can be seen, these are not “animal,” physiological needs, but social needs, and this is true at even the most wretched material level.

Thus, we are dealing with an alienated culture. But it is a *culture*, precisely because the mode of organization of the utilization of use-values is total. It embraces every area of social life, because it unites the social and the individual, because it determines each of its parts through reference to the whole. So it is not through some illusion fostered by erudition that when contemplating the works of the past we experience the same emotion as the producers of the past: we understand them.

The direct apprehension of use-values also endows time with the dimension of durability. In the first place, things are made to last: houses, furniture, utensils, fabrics. This durability is not solely a reflection of the low level of the productive forces, which means that things cannot be replaced too often. Durability is also, and above all, necessary so that these things may really be use-values. For durability makes it possible for things to be integrated with the person who possesses them; it gives that person time to grow accustomed to them, to love them, to discover all their hidden dimensions, beyond their simple “functionality.” But this durability is not confined to the manufacture of things; it also applies to ideas, emotions, and their material supports. Temples

and cathedrals are built for eternity—a reflection, no doubt, of specific religious alienation: the dominant ideology can perform its functions only if, through false consciousness, it appears destined to last forever. But at the same time, the durability of a monument makes it possible for successive generations to steep themselves in its meaning, its many-faceted and ever surprising richness.

For this reason, the ancient cultures are necessarily varied. Not because physical communications are limited and the planet is still vast, but because the direct apprehension of use-values is necessarily concrete and therefore varied in the extreme; varied from one social formation to another, from one region to another, from one individual to another. The diversity of the necessary connections between society and a nature that civilization has only begun to master accentuates this inevitable variety, as does the diversity of the combinations peculiar to different social formations.

4. *Capitalism is the moment of negation: negation of use-value, hence also negation of culture, negation of diversity.* The capitalist mode of production is based on exchange-value, which is generalized for the first time, extended for the first time to labor power itself, in all capitalist formations, both at the center and in the periphery. Tending to be exclusive to the center, the dominant capitalist mode, in subjugating the periphery where other modes prevail, has disfigured them, emptied them of their content. The real unity of the world already exists; it is a unity built upon the universal commodity nature of labor power.

In the capitalist world, people have lost the direct apprehension of use-values. Whether enormously rich or in abject poverty, they are only consumers; that is to say, social animals whose needs are manufactured with the speed and precision of a machine, according to the demands of profit. More than ever it seems to people that their own strength, the very strength that enables them to control nature, imposes itself upon them as though it were an outside force.

But the locus of alienation has shifted. People are no longer

afraid of nature, of thunder and lightning, of the gods; they are afraid of themselves, of society. The generalization of exchange-value in its highest form, the form of capitalism, now makes the economic exploitation of labor power opaque. Things created by humans are given the name of a general and abstract concept, capital. They are endowed with the magical properties of fetishes: they have a "productivity" in and of themselves. Instead of understanding that their labor has become more productive, people attribute this productivity to the material means that they employ.

It is for this reason, out of this new alienation, that there arises the need for, and the possibility of, a specific science: economics. There can only be a science when its object is—at least appears to be—autonomous, independent of the subject. Henceforth that is the case. The true religion of the English, Marx once observed, is no longer Protestantism but the law of supply and demand.³ At the same time, the field of social activity splits into separate domains. The domain of economic life acquires precise limits: to cook meals in a restaurant is an economic activity, to prepare them at home is not. Why? Because the first economic activity creates exchange-values, commodities; while in the second, the housewife continues to apprehend use-values directly.

The two terms of the contradictory dialectical unity use-value/exchange-value become understandable simultaneously. A dialectical unity is not necessarily symmetrical: exchange-value dominates the unity and, in the last analysis, determines use-value, as is shown by everyday social reality. The historic relationship, in which use-value is the basis of exchange-value, is reversed.

Economistic alienation is necessary to the functioning of the system. That is why a false science reflecting the demands of a false consciousness, the science of economics, had to be built on the absurd hypothesis that use-values unilaterally determine exchange-values. An obvious contradiction: in the society that denies use-values, the entire ideology—a science, supposedly—is built on the sole basis of the preeminence of use-values. Thus the hell of reality is compensated for by the heaven of ideas.

Social life is henceforth compartmentalized, economic activity

being distinct from other activities. But at the same time, the unity of this social life is reestablished by the dominance of its economic sector; all aspects of life are subject to the fundamental requirement that labor power be reproduced as a commodity. This is the condition of the dominance of exchange-value of commodities over the use of things. Commodities and noncommodities appear as two distinct categories. But the noncommodity exists only through its opposite, the commodity, and the former is dominated by the latter. Social time is split into non-working time and working time. But here too the former exists only to serve the latter. It is not leisure time, as it is called in the false consciousness of alienation, but recuperation time. It is functional recuperation that is socially organized and not left up to the individual, despite certain appearances. Here again the image reverses the reality: the closed and secret world of the free individual belongs to the heaven of ideas; here on earth, in the realm of realities, it is invaded by the demands of society. That is why errors in technical adjustment of this horrible functionalism result in human boredom.

At the same time, social life loses the notion of the durability of time. Exchange-value, commanded by profit, is embodied only in objects that are useful in the most functional sense of the term. The replacement of things is not only, or even chiefly, the result of real progress in the productive forces; it is also, and above all, necessary to the system of extracting surplus value. It is therefore, in the true sense of the word, waste. This waste has a profound effect on the relationship between people and things. Things come to have only one dimension: the dimension of immediate use. Individuals too, no longer fearing nature, no longer believe in eternity. They have gotten rid of eternity, but only to deliver themselves up to the demands of the short term. The technocrats measure the costs and benefits of their decisions from a point of view that never takes in more than ten or fifteen years. Some of them think they ought to widen the range of their measurements, go beyond the enterprise and assess the costs and benefits to society.

If culture can exist only where there is the direct, complete apprehension of all use-values, material and immaterial, in their

simultaneous totality, then capitalism has no culture. The destruction of culture spreads from one sector to another, the commodity gradually debasing the noncommodity. First material objects are reduced to the status of commodities; their use-value shrinks in accordance with functions that are socially determined. An African utensil is not just a utensil; it is still a work of art and an expression of religious emotion as well. A bucket made of plastic is no longer anything but a plastic bucket, and the work of art only a decorative object. As for the religious emotion, it must disappear, since the locus of alienation has shifted. The starkness of the Protestant church means that there is to be no further communication between the religious emotion and the emotions of art or of everyday life. It must be something else, which no longer has anything human about it. The art of precapitalist societies is always a means of social integration, while our contemporary art, for the first time, expresses a rejection of society. Thus it is only to the extent that capitalism has not yet reached its outer limits that the contradiction survives, that art subsists.

These vestiges of use-value continue for a time to lead a constantly threatened existence. In their impoverished condition, these vestiges lapse into mediocrity, melancholy, boredom, insignificance. Has not pornography succeeded in turning orgasm into a commodity? Even emotions become atrophied; education sees to that. As a supreme alienation, a revolt on the part of certain women demands that society treat them like men, that they be allowed to trade the status of victims of oppression for the status of oppressors.⁴ The system can grant them that privilege (gradually, of course): in 1984 there will be no more women, since there will be no more men either. They will be equal—equally insignificant.

Resistance to the destruction of culture also appears where the system has not yet penetrated so deeply, in its periphery. Despite powerful tendencies of capitalism to shape everything, everywhere, to the same mold, complexities continue to exist in peripheral formations. These complexities, in contrast with the growing functional simplicity at the center, provide opportunities for resistance and revolt. These revolts are at first confused, without coherent perspectives, in a word, nationalist; but they

can assume another dimension, as the Chinese Cultural Revolution has made clear.

Capitalism is not harmony, although it tends toward the harmony of nothingness. It therefore offers humanity a choice: a functional harmony without human beings, or something else that lies beyond it.

For the negative moment is also the one that makes possible the liberation of humanity. The prodigious development of the productive forces enables men and women to control nature, which is the condition of freedom. Also, this development makes liberation possible for *all* humanity, not just privileged minorities, as in the past. It therefore makes possible a reestablishment of the direct apprehension of use-values, at a level of universal abundance that eliminates the complementary deformations and debasements of the oppressor and the oppressed. It has already given us a glimpse of this possible liberation precisely by shifting the locus of alienation. Already the dominance of the economic factor partially liberates politics and ideology. They are no longer religious. In their turn, each becomes the object of a practice that is on the way to becoming liberated, and the object of a science. Of course, this practice is not yet truly free, since it is subject to the requirements of economistic alienation. But it is no longer pinned under the direct weight of alienation. It is because this practice is not free, moreover, that it too can become the object of various sciences, which go by such names as sociology and political science—false sciences, no doubt, like their complement, economics, because they arise from a false consciousness, but sciences precisely to the extent that men and women, who are not free, are subjected in them to laws that seem external.

5. 1984, the reign of "one-dimensional man." In the past people could not foresee what horror would be light. The fact that it is now possible demonstrates the reality of the contradictions that force them to reject it.

But let us take a good, clear look at it: 1984 is the calm reign of the universal harmony of death. There are no more individuals. These beings are neither human nor animal, neither liberated nor alienated, neither conscious nor animated by false consciousness.

Their nature is no longer determined by others but by a perfect machine. These beings no longer speak—they have nothing to say, since they have nothing to think or feel. They no longer produce anything, neither objects nor emotions. No more art. No more anything.

Isn't that where we are going? Why is it that we are so fond of what we increasingly think of as "vestiges"? China, Egypt, Asia, and Africa are full of these "vestiges"; they still exist in Europe and even, to an extent, on the East Coast of the United States. But Los Angeles also exists and—still worse—Australia. Why else is it that we love the old cities, but no one, not even the city planners who conceived them, dares defend the latest "achievements" of postwar capitalism? What we love about these vestiges, despite all their limitations, is precisely the wholeness of the use-values they contain, their respect for the unity of the social and the individual, in a word, their nonfunctionalism.⁵

Perfect functionalism is necessarily compartmentalized and linear. It is always functionalism in relation to some one thing, not in relation to the whole. Add it up: the fastest possible means of transportation (to go to work), the quietest possible places of rest (to regenerate labor power), the closest possible places to shop (capitalism has to survive, after all). What do you have? Los Angeles or Australia! There space, like time, is split into social space and individual space. One cannot put social space to individual use: at a highway cloverleaf one is necessarily a motorist and nothing else. The "artists" of technocracy can plant fine trees there, not necessarily plastic ones; they can consult a painter who is a master of color, and even a psychologist. The cloverleaf remains ugly. Because neither the painter nor the psychologist is able to conceive of an individual use of social space; besides, that's not what they're paid to do.

At the same time, so-called private space is a fraud; it is space organized for recuperation. Individual houses are dormitories, places where people sink into the necessary state of stupor (think of the real functions of television), places where they make a feeble attempt to withdraw into themselves (think of the "quiet joys of family life"), places where they are bored.

But look at the way people live in an oriental bazaar (social and

individual), the way they entertain in the privacy of their homes in an underdeveloped country. In settings such as these it is not "things" that we find appealing. It is simply the wholeness of the use-value, a dimension of which functionalism robs us.

In capitalism, space and time no longer provide a framework for the organization of use-values. They have become the underpinnings of exchange-value. Furthermore—the ultimate alienation—they have a "price"!

So it is not surprising that the contradictions that make us realize that capitalism is the moment of negation are sharper in the periphery of the system than in its center, clearer in southern Europe than in the United States. It is while capitalism is still young that it shows its true face. Later it may be too late: people have forgotten the very existence of use-values, they do not ask themselves any more questions about the meaning of alienated work, they are conditioned, they have become one-dimensional.

Examples? Why is the American language an impoverished form of English, if not because the "purer" capitalism of North America needs fewer nuances of thought and feeling? Why are the vestiges of culture in North America to be found in the proslavery South and not in California or Las Vegas? Why has the language of the Europeans of the nineteenth century become unreadable for the functionalist sociologists of the twentieth century who simplify everything? Why has dialectics become synonymous for them with "incomprehensible," "contradictory," "erroneous," while they take delight in the simple—simplistic—language of the unilateral models that require a computer (which replaces a billion connections of the human brain by ten million electric wires)? Why is it that the specialists can no longer feel and understand cross-disciplinary allusions and metaphors? Why is it at the beginning of the nineteenth century that the wonderful, visionary cry of utopian socialism arose? Why do the most modern ideas and actions come from China? Why is it the Cultural Revolution and not the hippie movement that speaks to the problems of the worker in Detroit?⁶

6. *The second of the two alternatives also has a name: socialism. It is a society, a society of human beings. A society that has solved*

certain problems, those of the prehistory of humanity, and lives on another level, animated by new problems and new contradictions.

The new problems of this society will not be those that are dealt with by the alienated social science we know today. First of all, economics will have disappeared. Economics is merely the science of the capitalist mode of production. At the same time, this science also enables us to understand the precapitalist modes, to understand the specific nature of the alienation, not economic but religious, that characterizes them. And also to foresee the communist mode, freed from alienation. Through a dangerous misuse of language, we describe economics as the science of all modes of production. Dangerous misuse because, if we are not careful, it will persuade us of the ineluctability of economic alienation. The social democracy of the European workers' movement of the nineteenth century succumbed to this. And when Rosa Luxemburg states, simply, that with the disappearance of the intermediary of exchange-values and the reestablishment of the direct apprehension of use-values, economics no longer has an object, that is considered a "left deviation."

Nor will there be any political science or sociology in a society in which people really know what they want. No more state, said Marx; therefore no more science of the state.

The direct apprehension of use-values will be reestablished. Time will again become whole. "The point is not to liberate work but to eliminate it." So-called leisure time will also disappear, along with its complement, labor time. Things will no longer be functional things but parts of the whole, and, of necessity, durable. Men and women will once again be able to look far into the future, entrusting to the machine only the short-term calculation of efficiency relegated to its proper place. Space too will have been reclaimed, as a support for use-values, as a use-value itself. With the abolition of work, the division of labor will disappear (especially the division between intellectual labor and manual labor, between the labor of conception and the labor of execution, etc.). With the abolition of exchange-value, the contradiction between social and individual will disappear, as will the opposition between city and country, and between collective space and private space. It can be seen that socialism is a very different

thing from capitalism without capitalists, which is what it has been reduced to by social democracy, economism, and the experience of Eastern Europe.

The direct apprehension of use-values is thus the bearer of diversity, not uniformity. In contrast to the uniformity brought about by capitalism's destruction of culture, here there is the richness of a rebirth of diversity. National diversity, doubtless, but also diversity that is regional, local, individual.

These, then, are the new problems: those that concern the new dialectic of the social and the individual in a free society of free individuals. To attempt to characterize the nature of this new dialectic, to try to confine it in the straitjacket of present sciences that deal with "man," would be a pointless exercise. The fact that we can already catch a glimpse of some of the new problems must not deceive us. We perceive them only through the distorting prism of the debasement and sickness produced in us by capitalist society. Only progress on the road toward socialism will enable us to solve these problems.

PART II

**Imperialism and
Underdevelopment**

CHAPTER 4

Universality and Cultural Spheres

Models of social organization, like the ideological formulations which sustain them, have a universal scope (vocation), no doubt for the first time in history. This applies both to capitalist models and to those which concern the postcapitalist future, socialist or not. Clearly, there are today three consistent models which claim this universal validity: the North American, the Soviet, and the Chinese models.

The first model, rooted in the history of capitalist formation in northwestern Europe, has, in the United States, developed virtually to its logical limit the correspondence between the functional economic requirements of the capitalist mode of production and their ideological and political expression. The reason this mode claims universal validity is that the capitalist system has itself become the first global social system.

Whatever we may think of this model and its internal contradictions, we must concede that it still has immense strength. In Europe and Japan, it has exerted for twenty-five years a fascinating attraction, not only on their ruling classes, but also on the broad masses of the workers, thus demonstrating the hegemony of the capitalist ideology over the whole society. The bourgeoisies of the Third World are not aware of any other objective; they diligently copy the Western consumption model, their schools reproduce the models of labor organization which accompany Western technologies.

The other two models claim to draw their inspiration from Marxism and to have established a socialist social order. Yet they

are very different, in that the Soviet model shares with the Western the idea that consumption, technology, and labor organization models are "neutral" in relation to the social system, that they stem from the requirements of the development of the productive forces; it views the question of capitalism or socialism only in relation to the (private or public) ownership of the means of production. In contrast, the Chinese model denies that socialism can take over from capitalism its models of consumption and labor organization.

These two models also exert a very powerful attraction outside their geographical borders. The Soviet model continues to inspire important labor organizations in Europe; it also attracts large sectors of the nationalist petty bourgeoisies in the Third World. The Chinese model inspires in varying degrees the vanguard movements both in the West, where it is connected with the "self-management" movement, and in certain Third World circles, where it has some impact on young intellectuals and students and sometimes on the masses.

No current of thought and action in the world can stand aloof from the choices offered by these three models. The question therefore is to determine which is likely to triumph universally, and on what conditions. The answer outlined here is intended to go beyond the scope of traditional political controversy. I will therefore begin with an analysis of the relations between the economic base and the ideological superstructure, which is the crucial issue and the decisive contribution of historical materialism. This analysis cannot be made in the abstract, ignoring history; it must also deal with the problems of the transformation of superstructures which belonged to previous social formations, and their adaptation (or nonadaptation) both to the expansion of capitalism and to that of the so-called socialist regimes. These problems concern the West, whose ideology clearly did not arise out of a void, as well as the Third World, in which the "vestiges" of precapitalist modes of production and ideological systems are still clearly visible.

To raise the issue in this way means opening up a new field of thinking: that of the nature of what may be called "cultural

spheres." To what extent do superstructures demarcate particular cultural spheres characterized by specific relations between the ideologies which define them and the economic bases of social life?

The essential framework of European capitalist ideology was defined by the European philosophy of the Enlightenment. This philosophy is based on a tradition of mechanistic materialism which postulates a series of chains of specific causal determinations. The chief of these is that science and technology by their (autonomous) progress determine every sphere of social life, transforming social relations in the process. The class struggle is expelled from history and replaced by a mechanical determination imposing itself as an external force, like a law of nature. This primitive materialism, which is often regarded as opposed to idealism, is in fact its twin brother; they are two sides of the same coin. Whether it is said that humanity is guided on the path of progress by a God (Providence) or that this function is fulfilled by science, it comes to exactly the same thing: conscious, nonalienated society and social classes disappear from the picture. That is why the ideological expression of this materialism is often religious (e.g., the Freemasons or the Supreme Being); that is why the two ideologies go easily hand in hand: in the United States primitive materialism governs social behavior (and provides its "scientific" explanation) while religious idealism remains intact "in the soul." Bourgeois "science" has never transcended this primitive materialism, because it conditions the reproduction of alienation, enabling capital to exploit labor.

Marxism is not just the most modern materialism. Because it combines materialism with dialectics, it stands outside the terrain of the classical materialism/idealism debate and transcends both by "demystifying" them, i.e., by revealing their function in the class struggle. Marxism produced the basic concepts which led to this transcendence (modes of production, social formations, productive forces, relations of production, superstructure) and used them to elucidate specific characteristics of the relations, in social reproduction, between the ultimately determinant economic base and the sometimes dominant, sometimes subordinate superstruc-

ture. Historical materialism for the first time analyzes history in nonideological terms, provides the methods for understanding the nature of social alienation and thus breaks radically with the tradition of European philosophy. Thus, although Marxism was constituted within the European cultural sphere, it transcended the debates of that society (is capitalism the final embodiment of reason or a still imperfect stage on that path?), thereby acquiring its universal validity.

This validity is nevertheless continually called into question by the vulgar reduction of Marxism to economism throughout advanced capitalist society, including its working-class movements. This "vulgar Marxism" takes over from the primitive materialist philosophy of the Enlightenment two postulates which it formulates in language apparently Marxist, but emptied of Marxist content. The first is that the development of the productive forces (autonomous force) determines the changes in the relations of production (effect). This is the argument of all revisionisms. Yet, history shows that it is the class struggle which alters the relations of production and thus makes possible the potential development of the productive forces. The second is that the superstructure reflects the requirements of the economic base. This simple argument ignores the specific features of the base/superstructure relations pertaining to every mode of production, and the relative roles of base and superstructure in the overall reproduction of each society.

These pseudo-Marxists bring us back to the old notion that society is governed by "laws" (forces external to itself). Historical materialism thus becomes a particular field of action in which the "laws" of "dialectical materialism" embrace both society and nature. Having reached this point, we are right back to bourgeois philosophy and religion. Engels' unfortunate attempt to posit a "dialectics of nature" reflects the pressure exerted on the European labor movement by the hegemony of bourgeois ideology. It was in line with the spirit of the time: positivist scientism, Kautskyism, etc. Stalin was to transform this rough sketch into a catechism. In distorting Marxism, moreover, this reductionism also gave it a West-centered character which it shares with the ideology of capitalism.

The philosophy of the Enlightenment implies a teleology: the whole history of Europe was a necessary preparation for the birth of capitalism to the extent that Christianity, viewed as a European religion, was more favorable than other religions to the emergence of the individual and his capacity to dominate nature.

It may be useful here to consider the significance and function of some groups of religions: the religion of ancient Egypt, Confucianism, Hinduism, and the "Semitic" religions (Judaism, Christianity, Islam).

Religions settle two sets of problems: those concerning the relations between people and nature and those concerning the relations among people (the social classes). Although what predominated at the very beginning of the religious idea was doubtless the domination of nature, the resulting religious alienation was nevertheless made to serve the reproduction of the social hierarchies. Both in the Egyptian religion and in Confucianism this second function of religion already clearly constitutes their main dimension. There were myths concerning natural phenomena and the magical means of placing them at the service of humanity (for example, the flooding of the Nile and the Hoang Ho), but these were integrated in a broader philosophy geared to the justification of the social order. This transfer of the center of gravity of alienation shows how highly developed the productive forces were in these two societies which succeeded in mastering irrigation.

The religion of ancient Egypt is a construct remarkably consistent with the requirements of reproduction in a full-fledged tributary mode of production. What is striking in this religion is a kind of cynicism according to which the forces of Evil (Seth) prevail over the forces of Good. To what does this picture of society (actually quite realistic) correspond? Is not its function to justify the heavy and fully transparent tribute paid by the toiling masses for the benefit of the ruling classes? Religion here is perfectly attuned to the requirements of the tribute-paying mode; this shows that ideology fulfills a dominant function in social reproduction.

Confucianism is a formally different expression of this same type of relation between ideology and the full-fledged Chinese

tribute-based mode. What we have here is a civil philosophy with religious overtones which attributes to the social hierarchy the character of a permanent human necessity based on an implicit sociopsychology which looks fairly commonplace to us.

On the other hand, the Hindu and Semitic religions were attempting to address the relations between people and nature. Faced with a serious threat from a largely uncontrolled nature, primitive people only had a choice between two attitudes: to identify with nature or to deny it. Hinduism adopted the first attitude which, by reducing humankind to a part of nature, makes powerlessness tolerable. Coming from the arid regions of the Middle East, the Semitic religions, on the other hand, asserted the original separation of people from nature, the superiority of humanity—the image of God—and the subjection of nature which has no soul and is reduced to being the object of human action. Both contain potentially the subsequent development of a systematic attempt to tame nature, but at the initial stages of the Semitic religions, this assertion was merely ideal. In the absence of any real means of acting on nature, appeal was made to God the protector (of the Jewish chosen people, in fact). This decisive choice was inherited by Christianity, although its development within a complex, advanced, and crisis-ridden society led it to extend considerably the second dimension of religion, that concerning social relations. The same applies to Islam, especially since it shouldered the burden of organizing a new empire.

Christianity, one of the essential components of the European cultural sphere, is thus deeply rooted in a remote past outside that sphere. We would like to draw an important lesson from this observation: ideologies formed at a particular time in history may have subsequent destinies very different from their original vocation. Did not Hinduism, for instance, constitute a very powerful element of resistance to the development of a full-fledged tribute-based mode of production, of which India rather provides examples of abortive attempts? Is it not significant that the most consistent attempt in this direction was made by the Moslem sovereigns of that subcontinent?

On the other hand, since they were highly consistent with the

requirements of the tribute-based mode, Egyptian religion and Confucianism were forces incapable of flexibility and either remained unchanged—accompanying the survival of the full-fledged tribute-based mode—or were totally eradicated. It was not until China, shaken from outside by capitalism, superseded it by its socialist revolution that Confucianism finally began to lose ground, particularly from the time of the Cultural Revolution. As regards Egypt, the Pharaonic ideology has largely survived the official Christianity and Islam of that country; this persistence explains and is explained by the persistence of the tribute-based mode, giving Egyptian society its particular features in the Arab Moslem world of yesterday and today. In this sense, capitalism did not prove capable of destroying the ideology of the tribute-based mode. Probably, as in the case of China, only socialism will eventually be able to do this.

On the other hand, Christianity and Islam have great flexibility rooted in their original position regarding the relations between dominant humankind and dominated nature. It therefore appears quite wrong, for example, to make Christianity or Islam the ideology of feudalism. They may have been here and there, such ideologies, but they have also been the ideology of merchant empires (the Arab world of the Middle Ages, the Italian towns and those of the Hanseatic League, Atlantic Europe from the sixteenth century onward, etc.), just as Christianity has also become the ideology of capitalism. The speeches about “Islam and progress” (implying the rational spirit, individual initiative, capitalism, and so on) are equally unconvincing, for on this plane Islam, like Christianity, can adapt itself to everything. Nevertheless, both Christianity and Islam will remain obstacles to socialism, since, like all religions, they convey profound alienations.

The formation of capitalist ideology, in fact, went through different stages. The first was the adaptation of Christianity (especially with the rise of Protestantism); but that was only a first stage, confined to certain areas of the European cultural sphere. It is because capitalism developed particularly early in England that the bourgeois revolution there took a religious and therefore

particularly alienated form. Being master of the real world, the English bourgeoisie did not feel the need to develop a philosophy; it could be satisfied with an empiricism which corresponded to primitive materialism and which was sufficient to ensure the development of the productive forces. The counterpart of the development of alienated English political economy was this empiricism which took the place of a philosophy. But Protestantism did not fulfill the same functions on the continent of Europe because the development of capitalism there was not sufficiently mature. The second wave in the formation of capitalist ideology was therefore expressed more directly in philosophical and political terms. Thus Protestantism is not, any more than Catholicism, the specific ideology of capitalism.

It was a long time before this specific ideology gradually emerged from the earlier forms which had ensured the transition to capitalism. Its content was economic alienation. Its expression—supply and demand considered as external forces imposing themselves on society—reflected its mystified and mystifying nature. Having reached this stage of its elaboration, the ideology of capitalism abandoned its previous forms or emptied them of their content: the assertion of the individual gave way to that of the organization. This ideology has a potentially universal force which accompanies the worldwide extension of the capitalist mode of production, because it is perfectly consistent with the basic requirement of this mode: the law of profit.

Freed from the teleological and Eurocentric vision of history, we can now understand the nature of the break with the philosophy of the Enlightenment which Marxism represents.

We have on one side Enlightenment philosophy, whose remote origins lie in the Semitic religious vision thus opening the way to the domination of nature through the development of science and technology. This philosophy, whether it takes the idealist form of the Christian religions or that of the mechanistic materialism of the Greeks, of the Renaissance or of the eighteenth century, nonetheless leads to the idea of linear progress, parallel on all levels and determined by the irresistible progress of science. This philosophy leads necessarily to domination by the commodity

value which must penetrate all aspects of social life and subject them to its own logic. The themes of science, technology, and organization as ideologies find their place here. At the same time, this philosophy pushes to an extreme absurdity its original assertion concerning the separation of people and nature. It is, from this point of view, an absolute anti-Hinduism. It wants nature to be treated as a thing, and even to be destroyed, thereby threatening the very survival of humankind, as the themes of the environment and ecology are beginning to remind us.

In contrast to this "universal barbarism," historical materialism is an alternative vision based on a qualitative break which transcends the frame of reference of previous alienated choices, such as idealism or primitive materialism, fusion with nature or negation of nature. The prospect is clear here; it is one of self-management extended to all (in the "developed" world as well as in the world which is not developed today). As a condition of "disalienation," this control by humankind over our own future, at all levels, compels us to supersede exchange-value.

The universal scope of the commodity ideology confronts that of historical materialism. In today's world, the level and forms of development of capitalism on the one hand, and the form of its socialist contestation on the other, as well as the actual division of the world into different spheres of civilization (European and non-European, Moslem, Hindu, etc.) are combined in a complex way, so that we need to concretely study the relations between the base (whether developed or not) and the superstructures in each of these spheres. In this connection, we can distinguish, as a first approximation, six spheres among which our present world is divided.

The European sphere of developed capitalism (Western Europe, North America, Australia and New Zealand) still retains some of its original heterogeneities (unequal levels of development and characteristics of social formations and class alliances, predominance of Catholic or Protestant religious traditions and of the different, more or less empirical currents of the philosophy of the Enlightenment). The fact remains that in the United States the specific ideology of capitalism, economic commodity aliena-

tion, appears in its purest form—organization and technology as ideology. The United States constitutes the model toward which Europe is tending. The ideology of the dominant class is in this case the dominant ideology of the society. In its social-democratic form, revisionist Marxism expresses here the same essential content in the working class, in relation to the imperialist phenomenon.

The non-European sphere of developed capitalism is virtually limited to Japan. Japan is frequently the subject of contradictory comments: it is said to have lost its national culture and retained only an empty shell; or on the contrary, Japan supposedly juxtaposes or even integrates its own system of values (e.g., paternalism in the firm) with the requirements of the law of profit. In fact, Japan acceded directly to the ready-made ideology of capitalism, in its mature form of commodity alienation, because it did not go through the transition period of bourgeois individualism expressed in the transformation of European Christianity. Capitalist Japan followed another society, an immature tribute-based society of the feudal type.

The ideology of this society was partly that of China, the mother of the regional civilization, although the immature character of the Japanese tribute-based mode prevented it from adopting this ideology in its totality. Is not the relative success of Buddhism evidence of this? Buddhism is in fact an anti-Hinduist reaction similar to the Semitic religions in its assertion of the separation of people and nature. Buddhism failed in India, and in China it did not succeed in undermining the Chinese ideology. Yet it was successful in Japan. But because they were not European, the components of the precapitalist Japanese ideology were more difficult to integrate into the new capitalist ideology. The latter mainly took over the specifically Chinese components of the earlier ideology, because the very advanced capitalist mode, corresponding to the world of organization and "one-dimensional" man, links up with the tribute-based mode, the transparent extortion of the surplus reappearing with the centralization of capital. Hence Japan could evolve in a way which would bring it closer to the Soviet world.

The European sphere of so-called socialism, of what is in fact a

new class mode of production (the "Soviet mode," to give it a name) shares with that of the capitalist West both the history of its formation and the essential features of commodity alienation. This sphere derives from the revisionist version of Marxism, and has developed what is probably the most advanced of the possible models which could follow capitalism linearly, being in line with the philosophy of the Enlightenment. The United States and Japan are tending toward this model, and Europe is following suit, although with more difficulty.

The European sphere of underdeveloped capitalism—in practice, Latin America—presents a specific contradiction. Since it is underdeveloped, Latin America cannot accede to the model of mature central capitalism, owing to the very fact of imperialist domination. There is, however, a very strong danger that large sectors of these societies may continue to cherish the illusion of a possible evolution toward either an American or a Soviet model. The reason for this is the European colonial origin of Latin America, a colonization which not only imported essential aspects of the European ideology in transition toward capitalism, but also maintained living links which led the ideological currents of Europe to pursue their development on that continent.

In the subarea in which Spanish colonization integrated organized Indian populations (Mexico, Guatemala, Andean countries), the Indian "reserves" are frequently contrasted with the areas of a European character. This contrast, based on surveys of ethnic types, languages, and other social characteristics (religious myths, family organizations, etc.), is in keeping with a typically colonial ideological vision which concludes (on the basis of the criteria adopted) that there is a gradual "Europeanization." In fact, the broad masses are still resisting this "Europeanization" (even if this is a passive resistance which is yielding in some spheres, as in that of language). These working-class masses are in the very large majority, not only in the rural areas, but also in the towns. (The acceleration of migration to the urban centers has changed their character which, not very long ago, was essentially colonial, i.e., Spanish.) This opposition is expressed primarily by the refusal of the masses to participate in the debates concerning "modernization." At the other pole, the ruling classes—in the

widest sense—have no doubt of their “Europeanness,” which, however, is cultural more than ethnic, since the renewal of these classes side by side with the development of capitalism was sometimes effected by the absorption of popular elements. The gulf between these ruling classes and the people is therefore widened by this double unintegrated cultural heritage. In Mexico, for instance, the contemporary revolutionary movement (urban dweller, worker, student) has no roots in the peasant (and therefore “Indian”) revolution of 1910. In Bolivia, Trotskyism, the dominant factor in the labor movement, ignores the (Indian) peasantry which continues to proclaim its hatred of colonial Spain in its songs.

In the subsphere in which colonization was based on black slavery (the West Indies and traditional Brazil), there is a similar gulf between the culture of the people (largely black) and that of the ruling classes (irrespective of their color) who are always attracted by European culture, a relic of the colonial mentality.

These problems do not exist in the Southern Cone (including southern Brazil) with its almost entirely European population. The emigrants, who came here, like others who went to the United States or Australia to make their fortunes, are at present experiencing a kind of internal rage at having missed a development which could have turned them into the equivalents of Australians. The fascist style of São Paulo reflects this frustration and the will to destroy at all costs the old Brazil. Peronism shares many of these attitudes.

It will be difficult to understand the repeated failures of the mass movements in Latin America as long as people refuse to take into consideration the profound relationship at the ideological level between “Europeanness” and capitalism. Latin America has not yet come to grips with its colonial origin. The absence of Maoist-type thought on that continent may well be largely a consequence of this contradiction.

The African and Asian peoples of the non-European sphere of underdeveloped capitalism do not have these problems. It is true that here, as in Latin America, the bourgeoisies favor the consumption model and the lifestyle of European capitalism. But the illusion of “development” is considerably less strong here. De-

spite the extremely wide range of cultures in this vast sphere, despite the cultural alienation of the “elites,” there is a distinct feeling that the development of capitalism is destroying their personality and uprooting them from their past. There is no doubt that since Bandung, the great Afro-Asian consolidation has evoked a response among the peoples; and today it is here, in Africa and in Asia, that Maoism—in the broadest sense—finds its most powerful echo. It is no accident that the revolutionary forces won out in Cambodia but were defeated in Chile. China and communist East Asia constitute a particular sphere, owing to the fact that these are perhaps the only places where Marxism has been successful in taking hold on the minds of the people.

The problem of the transition to worldwide socialism compels us to become aware of these considerations. For the developed world as a whole, the main issue is this: how can we extend the sphere of use-value (reduce the field of commodity relations) without making the productive forces regress? Inasmuch as the “traditional” use-values have already disappeared, buried under the development of commodity relations, we have to invent a culture which is likely to be almost completely new.

For the underdeveloped world as a whole, the main issue is different: how can we develop the productive forces without letting the commodity relations gain ground? Since the traditional use-values still exist here, it will be possible to build a bridge between the past and the future. But this does not in any way mean that these societies must inherit precapitalist ideologies. On the contrary, the transition to socialism implies a radical breach with this heritage in Asia and Africa, just as it implies abandoning the “European dream” in Latin America. The Third World has so far been living in a very particular situation, in which all these contradictions are expressed. It is a situation of “obstructed transition,” from which only the countries of communist East Asia have freed themselves. This situation is reflected in the sterile opposition between an impossible attempt at bourgeois modernization, made by the dominant classes who are relays of imperialism, and a popular resistance which is still trying to preserve precapitalist relations. This resistance may be very strong where the oppressed peoples are of non-European culture.

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

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

CHAPTER 5

The Crisis of Imperialism

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

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

1. Expansionism and imperialism, a necessary clarification

From the beginning, capitalism acquired an international dimension; but the content and function of this dimension went through three stages. During the mercantilist period of primitive accumulation (from the Renaissance to the Industrial Revolution), the American and African periphery played decisive roles in the accumulation of money capital.¹ During the classical period of mature premonopoly capitalism (the nineteenth century), the American, Asiatic, and Arab-Ottoman peripheries contributed to

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

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

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

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

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

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

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

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

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

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

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

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

2. What is imperialism?

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

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

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

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

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

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

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

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

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

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

3. Two significant debates

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

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

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

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

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

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

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

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

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

4. The phases of imperialism

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAPTER 6

International Trade and Imperialism

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

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

This subjective theory of value was worked out in the 1870s in answer to the critique of political economy which Marx had initiated with the publication of volume 1 of *Capital* (1867). This was in fact the overriding concern of Böhm-Bawerk, Menger, and Walras, the three sources of neoclassical economics: it was absolutely necessary to invalidate Marx's conclusions regarding the exploitation of labor in the capitalist mode of production. A century later, the original intent had been forgotten, at the very moment when neoclassical economics was demolished with the publication of Sraffa's works.

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

in fact logically impossible to derive profit from the "productivity of capital." The "quantity of capital" involved in production cannot be measured independently of the system of relative prices, since this quantity of capital constitutes a heterogeneous aggregate of goods whose sole common denominator is value. The relation between the quantity of capital utilized and the quantity of output obtained, therefore, is not solely a function of an allegedly independent technology, but also reflects the structure of prices and the allocation of income. As Carlo Benetti has demonstrated, the "marginal productivity of capital" remains indeterminate.¹

All the subterfuges utilized to overcome this basic difficulty have failed to rescue vulgar economics from this dilemma. The same is true of the reduction of "capital" to labor congealed over time. In making the transition from the "physical productivity of capital" (the increase in the product resulting from the "lengthening of the production process") to its "productivity with respect to value," Böhm-Bawerk is forced into a vicious circle.² In fact, an indefinite increase in the volume of the product in accordance with the "duration of the production process" can result in an initially growing, then decreasing function only provided the "rate of depreciation of the future" is higher than the rate of growth of physical productivity. To get out of this difficulty, Böhm-Bawerk had to reintroduce into his schema real wages, which define the quantity of labor power devoted directly and indirectly to the production of wage goods. He thus adopted Marx's framework, substituting the problematic of the equilibrium between the two Departments of social production (the production of capital goods and the production of consumer goods) for that of the "duration of production," and thereby eliminating the "productivity of time" which he had wanted to substitute for the productivity of capital. Benetti has shown a similar failure on the part of Wicksell who, in defining capital as saved (dated) labor, did not succeed in maintaining the logical coherence of the theory of the "marginal productivity of capital," since the quantity of capital remains dependent on the distribution of income.

The resort to vulgar empiricism—the determination of prices by supply and demand—proved equally unable to resolve the difficulty. When cost is constant, demand determines only the quantity called for, not the price. In order for supply and demand to occupy symmetrical positions in the determination of prices, costs must be decreasing. But in that case the (dubious) necessary assumption of economies of scale comes into conflict with the assumption of competition, since each branch should be dominated by a single monopolistic enterprise. As for demand, it depends on income, which depends on relative prices, which in turn refer back to the distribution of income. The notion that theories of general equilibrium can elucidate the question is therefore quite untenable.

Vulgar economics is thus compelled to assume that technology exists independently of the social system, that it is "neutral." But the "functions of production" which, according to this vulgar economics, convey the various technologies, utilize "quantities of capital" that can be measured only in terms of prices, wages, and the rate of profit. Contrary to its own assertions, vulgar economics thus unwittingly demonstrates that technology is not neutral but a function of a basic social relation—the exploitation of labor.

If the subjective theory of value has no scientific value, but only functions as an apology for the system by postulating the very "universal harmonies" that constitute its conclusions, the same is true of the vulgar theory of international trade. Having abandoned its theory of value, the Ricardian model of comparative advantages no longer has any meaning.³ Advantage is no longer contained a priori in objective reality (comparative productivities). Initiated by Taussig, this theoretical degeneration eventually resulted in the "modern" formulation of advantage in terms of substitution (Haberler, Lerner, Leontief). We see here again the vicious circle of the subjective theory, since the exchanged goods incorporate more abundant factors whose remuneration, however, depends itself on foreign trade. To this must be added the difficulties of aggregation inherent in the construction of collective indifference curves. International exchange, by the

mere fact that it takes place, necessarily brings advantage to each partner. The theory is now useless; it no longer explains anything. It is just apologetics.

It is the logical result of the alienation characteristic of the capitalist mode of production that capital is not defined as a social relationship (expressed by the rate of surplus value, by the rate of exploitation), but as a thing. As Benetti puts it, to suppress the heterogeneity of the capital-thing, vulgar economics is led to treat capital as a mysterious entity—as Samuelson's "jelly." It is the ethereal substance of the alchemists.

In assuming the physical homogeneity of capital and product, the vulgar theory of value suppresses the problem it is supposed to solve—that of prices. This is not surprising since vulgar economics operates on a plane of abstraction that excludes social phenomena, and therefore also exchange and, ultimately, prices; it selects its concepts in reference to Robinson Crusoe on his island, i.e., to an individual engaged in struggle with nature. It veers between tautological propositions, empty platitudes ("Everything exists in everything else"), and psychologism (the psychology of "eternal man" constitutes the ultimate foundation of all things).

This has two decisive consequences. The first is the apologetic character of its assertions regarding the alleged economic rationality of capitalism. We have shown that this concept is erroneous. To speak of optimum choice is meaningless if this choice ultimately depends on the rate of surplus value, i.e., on a social relationship. There is no economic rationality as such—it is always relative to a particular mode of production. The social irrationality of the capitalist system makes it impossible to invoke the "rationality of prices." This irrationality of prices is determined by four decisive sets of conditions. The most important of these derives from the dependence of prices on the crucial relation of social exploitation (the rate of surplus value). The second relates to the manner in which the capitalist system deals with natural resources (I refer the reader to my analysis of the social factors which control access to natural resources, and how these factors are reflected in the price system).⁴ The third aspect of this

irrationality reflects the impact of monopolies in distorting prices. The fourth results from the fact that fragmented capital ownership obstructs the circulation of capital, since—irrespective of the existence of monopolies—enterprises and branches have unequal rates of self-financing and foreign indebtedness.⁵

These same problems crop up with respect to international trade. International trade links countries characterized by different social relations of exploitation (different rates of surplus value), involves goods whose production requires a vast consumption of natural resources (raw materials, oil, agricultural products), and pits monopolies against each other both within and beyond their national borders. Viewed in this light, the vicious circle involved in postulating universal harmonies in international trade cuts a sorry figure.

The bankruptcy of the vulgar theory has a second consequence which derives directly from the first—the uncertain character of bourgeois economic policies lacking any theoretical foundation. There is no connection between theory and practice. We have here, on the one hand, esoteric and hollow alchemy ("pure" economics), and on the other, mere "kitchen recipes." The latter are based on pseudoscientific explanations—the quantity theory of money, theories of cycle and conjuncture, theories of external balance of payments, etc.—which artificially isolate interconnected phenomena and are therefore usually false and at best partial descriptions. Yet these policies play an important role in the international economic relations which constitute a favorite area for state intervention.

Is it possible to overcome all these inadequacies of theory and economic policy by abandoning the subjective theory of value while retaining an economic framework marked by positivism and empiricism? Such was the method of Ricardo. Sraffa's work represents an initial attempt to enlist Ricardo in the task of resolving the current crisis provoked by the absurdities of the vulgar theory of value. This task requires the abandonment of apologetic ideology and a serious concern with immediate and positive reality. It requires abandoning the faith that all is for the best on our planet, that the latest style in soap invented by a chemical

monopoly deserves to cost twice as much as the previous (no longer available) style, and that therefore African peasants should not complain if they are now paid only half of what they used to receive for the raw materials that made such momentous progress possible. The framework of discourse now becomes positive; the new concepts are transparent, measurable, quantifiable, like those of accountants. Reality is studied as it presents itself.

This is the terrain of Sraffa, and it is also that of Oscar Braun.⁶ Braun assumes that two commodities, iron and wheat, are produced in a certain economy with the following technologies:

13 tons of iron + 2 tons of wheat + 10 man-years = 27 T of iron
 10 tons of iron + 4 tons of wheat + 10 man-years = 12 T of wheat

If the rate of profit r is uniform, we have:

$$(13 p_1 + 2 p_2) (1 + r) + 10w = 27 p_1$$

and

$$(10 p_1 + 4 p_2) (1 + r) + 10w = 12 p_2$$

• in which p_1 represents the price of a ton of iron and p_2 that of a ton of wheat, and w the wages paid per man-year.

Let us assume that the iron is produced by country A, an advanced country, in which wages are w_1 , whereas the wheat is produced by country B, a dominated country, in which wages are w_2 , less than w_1 . If wages were the same in A and B—equal, say, to 0.56—then the rate of profit would be 0.20 and the price of wheat 2.44, the price of iron being 1. If, however, wages in A were 0.70 and in B 0.12 (or 5.8 times less), then, with the same average rate of profit of 0.20, the price of wheat would fall to 1.83. A worsening of the terms of trade for country B (exporting wheat and importing iron) by 25 percent would imply, with an unaltered average rate of profit, a radical transformation in the respective wage levels: in A wages would increase by 25 percent, while in B they would fall to 17 percent of what they had been. Conversely, if wages were the same in A and B, with equal productivity (as is the case, since B produces wheat in accordance with the technique previously used in A), the international price of wheat would have been different from what it is when wages are lower in B.

This is what Sraffa's model illustrates. Braun shows that the

prices of exports from the periphery could be much higher than they are. Arghiri Emmanuel had already made this assertion, contrary to the conventional notion that the world market, in spite of all the distortions by which it is characterized, nevertheless reflects "normal" relations of exchange. At any rate, the facts seem to indicate that Braun and Emmanuel are right: wasn't the price of oil doubled by unilateral decision of the producers? This kind of analysis, which leads to positive results, is solid. The apologetic-ideological analysis of the vulgar theory of value, on the other hand, made it impossible to uncover this reality; it remained locked in the vicious circle of tautology and proved unable to explain anything. But Oscar Braun soon gets into difficulties. Which is cause and which is effect between the price structure and the inequality in wages? The model can never provide the answer. It merely points to the interdependence of economic quantities.

Let us return to the source, to Sraffa's model. Its superiority over the vulgar models is obvious. Sraffa understood that price theory must be elaborated apart from any restrictive assumption with respect to returns. His model therefore incorporates only constant returns, as do the models of Ricardo and Marx. This does not prevent the subsequent introduction of increasing or diminishing returns, if one so desires, but it does away with the false assumption, which vulgar economics is forced to make, of necessarily diminishing returns. His model does not invoke any unmeasurable magnitude (such as use-values) and makes it therefore possible to elucidate the realities, as was also the case with Ricardo and Marx.

But these are its virtues as well as its limitations. For Sraffa's model shows that a modification in real wages affects both the rate of profit and relative prices. As Benetti has pointed out, the system of prices derives its significance from the mode of allocation of the surplus product.⁷ The function linking w to r indicates that, in a given system of production (a given system of technical coefficients), the relation between w and r for a particular commodity depends solely on the (direct or indirect) conditions of production. The economic expression of the allocation remains indeterminate.

Conscious of this difficulty, Sraffa fixed on the aggregate commodities constituting the national income as a stable measure of prices. But this unit of measurement is itself a function of a variable system of production. Since the system is posited at a particular stage in its evolution, it is not possible to construct a single standard corresponding to unequal rates of profit—the changes in relative prices remain unintelligible.⁸ Benetti concludes that Sraffa's positive model does not explain how the surplus is formed but merely assumes it as given. This was also our objection to this revival of Ricardo, to the elaboration of a system of interdependence between prices, wages, and profits, without recourse to the intermediary of value. This model assumes the capitalist mode but does not explain its nature.⁹

Ricardo did not encounter this difficulty, since his method does not posit general interdependence but proceeds by successive dependencies. Benetti stresses this aspect of Ricardian economics by emphasizing the asymmetric place occupied in it by the theory of rent. If the production of wheat derives entirely from wheat (seeds and the subsistence of agricultural workers who, like other proletarians, consume only wheat), the rate of profit is determined solely by the equation relative to agriculture and fixes the rate of profit for the entire economy. The other relative prices will then adjust to this rate. If the rate of profit can thus be determined without reference to prices, this is because the equation of agriculture links physically homogeneous quantities (wheat) in order to measure both capital (seeds and advances to the workers) and product.

It took the mediocrity of an Alfred Marshall to be blind to this asymmetry, to interpret Ricardo's rent as the first instance of a marginalist reasoning to be generalized. Benetti notes that the Ricardian theory of rent is not premature marginalism—each plot of land has an intrinsic productivity which does not decline since the land is combined in growing quantity with the other factors. He expresses this distinction by recalling that a descriptive curve (that of Ricardo) does not have the same logical status as a functional curve (that of the marginalists).

The critique of Ricardo therefore had to lead to a new approach. By abandoning the theory of wages and its neat sim-

plification (the theory of subsistence wages), it became possible to go beyond Ricardo's restrictive assumption and the particular role played by rent as a general theory of distribution. Marx's analysis represents this transcendence. Sraffa, who tried to reinstate Ricardo without transcending him, as Marx has done, was bound to fail: unable to account for profit, he confined himself to merely noting its existence. His contribution is positive insofar as it represents a devastating critique of vulgar pedantries, but is a failure in that it fails to provide a positive explanation.

Why did the vulgar theory survive for as long as a century? Let us return to our starting point. Once Ricardo had been transcended by Marx, bourgeois ideology was forced to discard Ricardo's positivist assumptions and establish a new, seemingly coherent ideological structure. Marx, it should be noted, had transcended Ricardo's contradictions by going beyond his economism, even as he had transcended German philosophy (by relating alienation to its social content) and French socialism (by relating political utopianism to its class content).

In England, where philosophy was reduced to empiricism and Darwinian scientism, Marx was very poorly understood.

Vulgar economics was not so readily accepted in Europe. In France, for example, Nogaró had asserted well before Sraffa that marginalist economics failed to satisfy the criteria of formal logic.¹⁰ But he did not go any further.

It was in the United States, which was philosophically even more impoverished than England, that the tautological platitudes of vulgar economics were eventually to constitute an excellent ideology of alienation. The extreme alienation of the Anglo-American world accounts for their success and for this belated yet active revival of Ricardo in disregard of the fact that he had already been transcended by Marx.

Oscar Braun formulated the most complete empirical positivist theory of international trade which, although representing a contribution, is marked by inadequacies. The very question posed by Braun (Which is the prime variable: international prices or differences in wages?) is badly stated. The inequality in wages, which is due to historical causes (different social formations), gives rise to specialization and a system of international prices that per-

petuates this specialization.¹¹ Moreover, Braun's assertion that for me, as for Emmanuel, wages are the independent variable, shows that he has not understood my viewpoint.

Braun assumes a "pure" capitalist mode of production, both in the center and in the periphery. Yet, as we have stated repeatedly, the theory of international trade requires that this framework be discarded in favor of one defined, not by economics, but by historical materialism. This is because the relations in question bring into contact with each other different social formations and can therefore not be viewed solely in terms of the capitalist mode.¹² Because he overlooks this point, Braun can sidestep the question of productivity and make the assumption that the center and the periphery produce specific commodities.

I, on the other hand, have chosen to consider the world capitalist system not as a juxtaposition of societies reduced to the capitalist mode, but as a system of capitalist formations. Starting from Emmanuel's critique, I have elaborated the concept of "world values" (not international values) and of their "preeminence" (a reflection of the unity of the world system). At the same time, I have rejected a homogeneous view of this unity by stressing the qualitatively different characters of the central and peripheral formations. This has made it possible to understand how the center and the periphery produce identical goods (or close substitutes) for the world market, in spite of the differences in productivity (which then become meaningful) that may characterize the unequal development of the productive forces both in the branches producing for the world market and in others.

I therefore do not pose Braun's question, since I do not accept unilateral economic determinations. Rather, I pose the problem in the dialectical terms of objective forces and subjective forces, which of necessity take us back to historical materialism. Unequal exchange, therefore, in the final analysis makes it possible for capital to achieve higher rates of exploitation of labor power in the periphery than in the center. The magnitudes involved in equilibrium (average rate of profit, wages in the center, wage rate of labor in the periphery) are neither arbitrary nor determined by mechanistic economic laws; they are determined by the fundamental social relations of the system—the rates of exploitation of

labor power. These rates operate on different planes: that of the world system (average rate), that (or those) of the center, and that (or those) of the periphery. And although the rate of exploitation in the center (or, more exactly, its alienated reflection—the rate of profit) tends to become equalized, owing to the fact that the capitalist mode tends to radically disintegrate precapitalist forms (the tendency of the social formation to be reduced to the capitalist mode), this is not the case in the periphery, where formal subordination (as opposed to real subordination)¹³ of labor to capital persists.

In the discussions concerning unequal international exchange, therefore, the central question has shifted from the domain of exchange in the strict sense to that of unequal international specialization. To achieve clarity in the latter domain, it is absolutely essential to abandon the narrow framework of positivist empiricist economics and adopt that of basic science—historical materialism.

In his letter to me of March 1974, Charles Bettelheim accepts the viewpoint I developed during this debate and writes:

I have just read with great interest your *L'échange inégal et la loi de la valeur*, which I thank you for sending me. I am pleased that we have similar viewpoints on many problems.

I think that your book clarifies the essential problems raised in the discussion of Emmanuel's work.

Among the key theses of your book, in my view, are your refutation of the concept of wages as an "independent variable" (which is also a refutation of the ideological foundations of this concept), and especially your thesis concerning the existence of a single world value of international commodities (p. 17), which you set forth in connection with your analysis of the effects of this world value on the conditions of reproduction of the dominated noncapitalist modes of production.

Your conclusions also make it possible to refute some of Emmanuel's incorrect views, such as the myth that "international transfer automatically benefits the working class in the center," or his notion that a wage rise in the dominated countries reacts favorably on their possibilities for development. It also seems to me very important to show that the "high" wages in the center derive essentially from an advanced level of development of the reproductive

forces and not from international transfers (p. 71), and that the prevailing conditions of international trade benefit the local bourgeoisies, these conditions being themselves connected with the specific phase of the imperialist stage in which we now find ourselves.

I consider it most fortunate that the discussion initiated by Emmanuel's book should have contributed to the formulation of theses which may enable Marxist analysis to recover a unified and truly valid viewpoint concerning the international capitalist division of labor and its effects, including its class effects.

There remains a problem of "terminology." It seems to me that once it is admitted that the goods furnished by different countries are exchanged at their world value, it becomes necessary to abandon the very expression "unequal exchange" (the use of which I have questioned), since the "inequalities" between countries derive from the inequality of the quantities of labor that must be expended to obtain the same product in different countries.

What you say concerning the problem of the tendency of the rate of profit to fall also strikes me as quite convincing. I had previously developed similar views, notably in *Economie appliquée* (October 1959).

It is altogether desirable that Bettelheim's suggestion concerning terminology should be heeded. In the final analysis, the international specialization (itself unequal) which underlies unequal exchange is rooted in the unequal rates of exploitation of labor power throughout the world system. Because the discussion began around the question of international trade, it sometimes became bogged down in false debates (as when circulation was abstractly opposed to production); it took some time to arrive at the key concept of world value and to discover that the exploitation of labor power is unequal. The fact that productive processes are becoming increasingly worldwide limits the validity of the analyses concerning international trade and makes it necessary to keep going beyond the phenomena to the crux of the problem—the relations of exploitation on a world scale. It would therefore be preferable to replace "unequal exchange" with "unequal conditions of exploitation."

On the subject of the conditions of exploitation, Charles Bettelheim has this to say in the second part of his letter:

One of the problems that remains to be clarified concerns the rate of exploitation to which the workers in the capitalist peripheral countries are subjected. I agree with you that these workers, when employed in enterprises utilizing a technology similar to that in the industrialized countries, are more exploited than the workers in the central countries. This is an undeniable fact. On the other hand, in countries like India (and there are others with similar conditions), which numbers many capitalist enterprises endowed with inefficient or obsolete equipment, millions of workers, although miserably paid, are less exploited (in the scientific sense that their labor produces a lower rate of surplus value) than the workers in the industrial countries. When in a given country the workers employed in such enterprises are more numerous than those employed in "modern" enterprises, the average rate of surplus value in this country is lower than in the industrialized countries. This is so precisely because the output of both is sold at a world price governed by the conditions of production in the industrialized countries. Accordingly, the (social) world value resulting from the production of the workers of the "backward" capitalist enterprises in the dominated countries is proportionately still lower than the wages they receive (a fact that can be verified in practice). This results in a lower rate of surplus value and eventually in an equally lower rate of profit (when the most modern enterprises can utilize a capital-saving technique). It is also one of the reasons why capitalists in the dominated countries export their capital to the industrialized countries, and why in certain areas of peripheral capitalism there is a private bourgeoisie prepared to initiate a policy of industrialization, as is the case in such countries as India and Brazil (this should be related to what you call the problem of the "young centers").

I agree entirely with this viewpoint. The rate of exploitation of labor power is certainly very unequal in different branches or enterprises in the periphery. This inequality is much more pronounced in the periphery than in the center because the central formations tend to approximate the pure capitalist mode, whereas in the periphery they preserve a markedly heterogeneous character, as we have shown in *Unequal Development*. In spite of this diversity, the unity of the system is expressed in the increasing preeminence of world values and the growing subordination of labor to capital on the level of the system as a whole, which

results in the extension of the sphere of formal subordination in the periphery.

Although the average rate of exploitation in the periphery may be lower than in the center, that portion of capital which dominates the system (the monopoly capital which directly or indirectly controls the primary activities in the periphery—major exports, modern industries, including those producing for the local market), undoubtedly profits, with respect to its local activities in the periphery, from higher rates of exploitation. The chief tendency of the world system, therefore, is for the rates of exploitation of labor power to grow increasingly unequal. This is why Lenin, and then the Chinese, replaced the slogan "Workers of the world, unite!" with the slogan "Workers of the world, oppressed peoples, unite!" It is from this vantage point that we must view the contradiction between developed and underdeveloped countries in relation to the totality of the contradictions that characterize the global class struggle.

Confined to a positivist approach, forced to choose a "prime variable," Braun attributes a disproportionate role to the discriminatory policies of the imperialist countries in international trade, because these policies are said to be the means by which they impose unfavorable international prices on the dominated countries. Braun's arguments are not lacking in force, but he does not go any further. Why, in fact, are the dominated countries victimized by these policies? Because, says Braun, they are forced to export; whereas the center produces everything, the periphery is specialized and must import the capital goods and technology it does not produce. The problem has thus shifted from exchange to international specialization. But if one does not go on from here to stress the fact of unequal exploitation, one may be led to believe that once these discriminatory policies are abandoned, the periphery, owing to its integration into the world system, will surely undergo a development similar to that of the center. These are nationalist illusions that give rise to other illusions in the developed countries—pious hopes regarding the "harmonious" functioning of the world system.

Braun's assertions concerning the periodization of the system are equally limited. He distinguishes between the period 1880-

1930, characterized by capital export, and the next period, said to be that of unequal exchange. In fact, unequal exchange arose when the disparity between the rewards of labor (at equal productivity) began to assume importance, i.e., at the end of the last century.¹⁴ In the center the rise in real wages contributed to extended reproduction while creating the conditions for unequal exchange. To be sure, beginning in 1914, or 1930 at the latest, the flow of capital export from the center to the periphery diminished relatively, but this was due precisely to a dynamic unequal development based on the unequal exploitation of labor resulting from this export of capital. Between 1880 and 1930, capital was not overabundant in absolute terms; but it obtained a higher output in the periphery by establishing modern facilities (with high productivity) which intensified the exploitation of labor power. This overexploitation limited the possibilities for subsequent extended accumulation in the periphery, thereby reducing the possibilities for the profitable export of capital.

The class struggle in all its complexity is central to all these problems, and it is only by analyzing its changing conditions that we can arrive at a correct periodization of the system. This is why changes in the global class contradictions and alliances can determine radical changes in the international flow of capital; the laws of accumulation are in the final analysis governed by these class relationships. The relation between the two Departments in the model of central accumulation is not mechanistic, but must be viewed in terms of the dialectical relationship between objective forces and subjective forces.¹⁵ This question arose again during the debate on "mature" capitalism, "excess capital," and the forms of absorption of the surplus. I have argued that the development of the parasitic tertiary sector together with monopolistic competition made it impossible to reduce the laws of accumulation to a simple mechanistic two-sector model, but required the introduction of a third sector, that of "waste," as suggested by Baran and Sweezy.¹⁶ Here again, the nature of these transformations can be understood only in terms of the class struggle.

This is why I proposed, in the debate on the current crisis of capitalism, a "subperiodization" which takes account of the alterations in the conditions of class struggle (by distinguishing, in

the imperialist period, the subperiods 1890-1914, 1914-1948, 1948-1967, and the period from 1967 onward). I also suggested several possible prospects for the future in terms of the changes occasioned by the class struggle in the functioning of the system.¹⁷ Class struggle, of course, must here be understood in the broadest sense—it must include national and international class alliances. The “oil crisis” has confirmed our remarks concerning rent and access to natural resources.¹⁸ It is on these grounds that I envisage the possibility that the development of the Third World is entering a new stage and represents one solution, among others, to the current structural crisis of capitalism. The discussion has thus gradually shifted from the plane of positivist empiricism to that of Marxism, of basic social science.

Once again, Marxism is not an “economic theory.” Its sphere is not economics but historical materialism, i.e., society in its totality. This is the framework of my analysis of the world capitalist system. And this is also why I have considered it necessary to begin by elucidating the concepts of historical materialism (including such things as modes of production, social formations, instances and articulation of instances). And this is also why I have stressed the specificity of the infrastructure/superstructure relationship characteristic of the capitalist mode, without which the nature of economic alienation cannot be understood. I addressed this in *Unequal Development* (pp. 24-26):

Since society cannot be reduced to its infrastructure, how are the relations defined between the latter (the economic instance) and the superstructure of society (the politico-ideological instance)? These relations are not the same in all modes of production. Of course, whatever the mode of production may be, the economic instance is the determining one in the last analysis, if we accept the fact that material life conditions all other aspects of social life—in other words, that the level of development of the productive forces, by determining the relative size of the surplus, conditions the level of civilization. Nevertheless, it is important to distinguish between this determination in the last analysis and the question of whether the economic or the politico-ideological instance is the dominant one in a given case.

In all precapitalist modes of production the generation and employment of the surplus are transparently obvious. The producers can therefore agree to levy from themselves this surplus that they produce, and know that they produce, only if they are “alienated,” and believe such a levy to be necessary for the survival of the social and “natural” order. The politico-ideological instance thus necessarily assumes religious form and dominates social life. In cases of this kind, moreover, if the surplus levied is not used “correctly,” that is, so as to maintain, reproduce, and develop the state and civilization, if it is “squandered” by plundering invaders or by a “bad king,” the producers rise in revolt in order to impose a “just government,” since natural order and divine laws have been violated. When the maintenance and development of this social order require that specific social groups, such as the civil or military bureaucracy, or the theocracy in the service of the tribute-levying state-class, shall function properly, then these groups occupy a central position in the political history of the given society. Empirical observers of this history who imagine that what they see is the outcome of ideological or political struggles are falling victim to the same alienation as the society that they are studying.

Under the capitalist mode of production, on the contrary, generation of the surplus takes place obscurely, opaquely. As Marx said, the main thing in *Capital* is its demonstration of how surplus value is transformed into profit. Narrow-minded “economists” have seen in this transformation a formal contradiction (the alleged contradiction between Volume I and Volume III of *Capital*). This simply shows that they are victims of economic alienation. For the effect of the transformation shown by Marx is to cause the origin of profit in surplus value to vanish, and “capital,” a social relation, to appear as a “thing”—the means of production in which this social power is embodied. This “thing” is endowed with supernatural power, being held to be “productive.” The term “fetishism” that Marx applies to this process is highly appropriate. On the plane of appearances, under the capitalist mode, capital thus seems to be productive, just like labor. Wages seem to be the “fair” reward to labor (whereas in fact they represent the value of labor power), and profit to be compensation for “services” rendered by capital (risk, saving through abstinence, etc.). Society is no longer in control of the evolution of its material life: the latter appears as the result of “laws” that dominate it in the same way as physical, natural laws. “Economic laws”—supply and demand in relation to commodities, labor, capital, etc.—bear

witness to this alienation. This is why "economic science" emerges as an ideology—the ideology of "universal harmonies"—reducing the "laws of society" to the status of laws of nature that are independent of social organization. While the economic instance is hidden in mystification, politics is demystified: it no longer takes the form of religion. The true religion of capitalist society is "economism," or, in everyday terms, the worship of money, the cult of consumption for its own sake without regard to needs. The entire crisis of present-day civilization lies here, insofar as this ideology shortens the time prospect of society, making it lose sight of its future. At the same time, politics becomes a domain where openly asserted rationality prevails. The social groups that carry out functions at the level of this instance are naturally and obviously in the service of society and never appear as its masters.

It became accordingly clear that the debate about transformation was, in the terms in which the question was posed, a false debate.

The Marxist critique is not that of an economist (Marx) and of other economists after him.¹⁹ Three quotations from Benetti's work constitute the starting point for a Marxist critique of Sraffa:

The notion that for Marx relations of exchange are directly determined by the values of commodities is not at all justified. In fact, value cannot be expressed as a quantity of labor, since what is exchanged is commodities and not labor. Hence, value, which is by definition an "absolute" magnitude, seems to be contradicted by its very expression, a "relative" magnitude. This contradiction reappears on the level of measurement: value is measured by the quantity of a noncommodity (abstract labor), exchange value is measured by a quantity of commodities. The relation between the two categories of value and exchange value (or value form) is therefore not a relation in which one is quantitatively determined by the other, but a contradictory relation. This contradiction is the point of departure for the Marxist analysis of money (p. 132, my translation).

The analyses developed in this chapter have shown that surplus value is the capitalist form of surplus labor. Profit (as well as the other forms of capitalist surplus product) is therefore an expression of surplus value and can originate only in the exploitation of workers. However, we have also seen that the relation between profit and

surplus value cannot be demonstrated in terms of the transformation of values into prices. This is, as it were, a correct thesis demonstrated with dubious arguments. The reason for this is that the Marxist categories of value and surplus value have not only a positive status (as do the categories of political economy) but also a critical status. On the one hand, as we have seen, they make it possible to bring out the contradictions of the capitalist mode of production and thus also the epistemological limitations of economic categories and the foundations of bourgeois ideology. On the other hand, they also enable us to understand the functioning of capitalism and its reproduction. Because of their particular status these categories cannot be combined with economic categories in a positivist model such as the economic model. The limitations of the schema of transformation, therefore, express the limitations of a certain interpretation of Marxism as much as the limitations of political economy itself. (What is required is an investigation that can elaborate the notion of production prices—already initiated by Marx—in terms of the fundamental categories of value and surplus value.) (p. 151, my translation)

In the capitalist mode of production the exchange relations of commodities differ from those determined by the quantities of incorporated labor. Hence the exchange value of labor power does not correspond to the necessary quantity, and the exchange value of the surplus product does not correspond to the quantity of surplus labor. The conclusion is then drawn that the notion of surplus value is not relevant in explaining profit. In view of what we have said in the last three chapters, it is not difficult to answer this objection. The question is the origin of profit. We know that relations of exchange differ from relations determined by the quantities of incorporated labor proportionate to the distribution of profit according to a uniform rate of profit. Whatever the rule for the distribution of the profit, however, a modality of distribution cannot modify the nature and origin of profit. It can only alter its magnitude in proportion to the effect of this modality of distribution on relative prices. This argument is sufficient, but we can go even further. We know that the divergences between prices and values result from the existence of profit. It is obvious that we cannot explain the existence of profit by postulating an effect of profit. Such a procedure would result in circular reasoning, since it posits as given that which in fact has to be explained. (p. 152, my translation)

This critique of Sraffa will be totally alien to those who allow themselves to be confined in the departmentalization of academic disciplines, which is absolutely foreign to Marxism.²⁰ The absence of philosophy explains why "Marxian economics" exerts such a strong attraction on Anglo-Americans, who are equally convinced by Sraffa's remarkable empirical analysis.²¹ This is in sharp contrast with the history of the Marxist debates on this question, first in Germany in the 1920s and 1930s, and then in Italy and France.

CHAPTER 7

The Problems of the "Environment"

"Environment" has become an everyday expression. Every self-respecting industrial enterprise now maintains a department of environmental problems and every "up-to-date" university feels obliged to offer courses dealing with this question. This rapid development could be viewed as a source of satisfaction, but in view of the powers of recuperation evidenced by fashionable trends in other areas, it could also be regarded with concern.

As is frequently the case with movements of this kind, success was accompanied—it is difficult to know here which is cause and which effect—by a series of rather confused "popular" revolts and by a theoretical critique of the inadequacies of conventional economic analysis. The popular protests occurred almost entirely in a few advanced industrialized countries; they assumed various forms and addressed themselves to different problems, without always understanding how these problems were interconnected, and without having been instigated by established leaderships—these movements were largely spontaneous. This was the case of the protests against a dehumanizing urbanism, the increasing pollution caused by automobiles, industry, and so on. It was widely thought at first that these problems were specific to the advanced industrialized countries and of no interest whatever to the peoples of the Third World.

It soon became apparent, however, that these social ills are rooted in the very structure of the capitalist economic and social system. This perception was in fact the connecting link between

all the limited and dispersed reactions. It is to the Japanese economist Shigeto Tsuru that we owe this initial theoretical formulation of the problems of the environment.¹

Shigeto Tsuru made his observations at a time when the world system was getting short-winded after two decades of sustained economic growth. Appraising the causes and significance of this growth, Tsuru questioned the validity of the conventional economic indicators—the widely used economic aggregates and the GNP, the most synthetic indicator of all. He noted that the growth rates measured by this aggregate have been exceptionally high during the past 150 years, especially in the West and later in Japan, compared with those recorded in all previous history. According to Tsuru, this was due largely to the fact that the structure of the capitalist economic and social system itself has dictated choices which, from the viewpoint of a broader and long-range criterion of rationality, made for monumental squandering of “natural and human resources.”

At first, therefore, “environmental problems” appeared to be specific to the developed industrial societies. Nothing of the kind. Why? Simply because ours is one world—the same basic laws operate both in the center and periphery of the system, in both the underdeveloped and developed countries; in other words, the so-called Third World and what could be called the “first world” are two sides of the same coin.

The waste of “human and natural resources” is, like everything else, distributed unequally among the various parts of the world. Certain areas of our planet are plundered for the benefit of other regions. The center thus benefits from this vast, globally organized waste. This is a very important factor in the growing inequality of wealth between the developed countries and the countries which, in the course of their historical process of integration into the world system, have become underdeveloped.

A distinction must be made between waste of natural resources and that of “human resources.” Furthermore, the expression “environment” strikes me as inadequate, since it subsumes problems deriving from different problematics.

Natural resources do not consist exclusively of air, water, and

sun; they include the entire natural substratum of economic activity, notably agricultural soil and urban space on the one hand, and the wealth of the subsoil on the other. In the framework of the prevailing economic and social system, access to these natural elements (water, air, soil, subsoil) is governed by a number of economic, and sometimes juridical, laws. These laws dictate a utilization of these elements which is not always the most preferable in terms of the long-range interests of humanity. Air and water have been regarded as “abundant” and freely available resources. The result has been that wherever large industries became established, water and air became polluted and therefore “scarce,” and society must now confront the cost of renewing or properly maintaining these resources.

In Africa, air and water have as yet suffered little industrial pollution; its waters are polluted by nature and human misery, especially in the urban centers. Other natural resources, however, are being squandered, especially agricultural land, forests, and the wealth of the subsoil. The impact of the world system on the price structure of African exports to the developed world makes it impossible for Africans to allocate sufficient funds for the conservation or renewal of their natural wealth.

One example of these mechanisms of waste involves the utilization of cultivated lands. In this respect, the world system has benefited from the particular mode of land ownership in Africa, notably from the “collective” ownership of village lands, i.e., from the absence of restrictions on land appropriation and of ground rent. It also capitalizes on the low population density prevailing throughout the African continent to exploit the African soil as though it were an inexhaustible resource. The prices paid for agricultural goods do not permit the producers to maintain the soil properly. This is why lands are turning into deserts and becoming impoverished in other ways frequently described by geographers, especially in connection with erosion in North Africa and laterite formation in the tropical regions. This impoverishment is in certain cases irreversible. In other cases, the cost of reconstituting these resources becomes enormous when proper measures are not taken in time.

An economic system which bases its calculations on a time span of ten or twenty years cannot take account of the long-term requirements of adequate soil conservation. Governments concerned with the future of their people must overcome this lag and develop policies spanning several generations. "Cost-benefit" analysis cannot possibly come to grips with this crucial problem. In the developed world, the wealth of the subsoil is more or less protected, either by restrictive property rights or by the timely intervention of a national state which, for various political or strategic reasons, is concerned with protecting the resources of the subsoil; in Africa, on the other hand, this wealth has been regarded as belonging not to the Africans, but to "humanity" in general, i.e., to the metropolitan centers. Concessions were granted in disregard of the eventual exhaustion of this wealth. Africans must now see to it that their sales of minerals yield sufficient revenue to the national economy to enable them, before these resources are exhausted, to reconstitute financially equivalent productive activities. They must also consider the future stages of their development, for the time will come when these minerals will be needed in their own industries.

A second set of problems involves the "social and economic costs" of (industrial, agricultural, and urban) development, which are generally disregarded in economic calculations. In this domain, "cost-benefit" analysis has revealed the inadequacies of the rationality of microeconomic choices made in terms of single industrial units. Take dams, for example. With the exception of a few romantics who would like to preserve nature in its pristine form, nobody seriously opposes the construction of dams and the cultivation of irrigated areas. Although these irrigated zones create wealth in one area, they can also impoverish others through depopulation, desiccation, changes in climate, and so on. In our societies the social groups which benefit from improvements do not bear their cost—the system tends to sacrifice some for the benefit of others. Take the Kabora Bassa dam which the Portuguese built in Mozambique. Even if independent Mozambique could in the future derive benefits from this dam, the fact remains that this dam was designed to bolster a European coloni-

zation which absolutely impoverished hundreds of thousands of African peasants.

Similarly, British colonial policy in Kenya—the forced confinement of African peasants in crowded reservations—was designed to provide the English planters in the highlands with cheap labor in the guise of migratory workers. This policy lies at the root of the impoverishment of the Kenya peasants and of the soil exhaustion which these peasants were unable to prevent.

A final example is the development of tourism in the region of Cape Bon, in Tunisia. Even assuming that tourism benefits the country in terms of foreign currency, which is debatable, the fact is that the Cape Bon tourist facilities consume enormous quantities of water. In this semiarid region, water is a scarce resource; the rich and delicately balanced agricultural life of the Cape Bon garden cultivators is today seriously threatened by the scarcity of water supplies reserved for tourism. Long-term interests were thus sacrificed to a short-term choice.

There is another aspect to the squandering of natural resources. The developed industrialized states are becoming increasingly aware of the enormous cost of industrial pollution. Those who have traveled between New York and Philadelphia know that the cost of restoring a human character to this industrial zone would be exorbitant, even for the United States. The developed world now realizes that for the life of its own citizens to remain viable if new industrial facilities are to be established in keeping with the pace of modern technology, it will have to spend many more billions of dollars than have been anticipated in its calculations. It is therefore tempted to establish certain industries in the Third World where the costs may be lower than in the industrialized countries. Africans are accordingly told that development, employment, and increased revenues and consumption must take precedence over respect for nature.

It is true, of course, that the history of humanity is also the history of the shaping of nature by human beings. But to acquiesce in the transfer of industrial pollution is also to accept the transfer of its eventual costs from capital to the peoples of the Third World. It means accepting a new unequal international

division of labor, continued unequal relations between a dominant center and a dominated periphery, and a growing gap between their standards of living.

A third set of problems concerns the squandering of "human resources." What is involved here? From the viewpoint of an industrial enterprise, human beings are solely labor power, "factors of production," and not the intended beneficiaries of development. Consequently, a lower remuneration of labor constitutes an advantage for the enterprise and it is this consideration, transferred to the governmental level, that underlies the official view that the peoples of the Third World should cooperate with the establishment in their countries of industrial activities based on a massive utilization of cheap labor. Such a policy tends to perpetuate an unequal international division of labor, which in turn reproduces the conditions for the creation of cheap labor.

Consider also the displacement of people. Of course, the development of a country or region, or of the entire planet, necessarily involves human displacements. But such dislocations take their toll. This is why the system generally confines itself to "natural" migrations, i.e., to migrations resulting "spontaneously" from unequal development. The impoverishment of certain regions is the method by which our economic and social system has thus far solved the problem. This method is extremely costly for the populations involved, since they emigrate only when they are reduced to misery.

In Kenya and South Africa, the reservations had, or still have, the function of creating cheap labor for the plantations or for the mines and other industries controlled by capital. This is where the problems of apartheid intervene. Apartheid is an "environmental" problem in that it affirms the unequal worth of human beings; in other words, apartheid is an explicit avowal of what is assumed implicitly elsewhere—that the sacrifices imposed on some do not carry the same weight as the benefits obtained by others.

There is another aspect to the problems of the "human environment"—the fact that in our system a human being is regarded as labor power, as a factor of production. The developed countries produce increasingly fewer "common," semiskilled laborers. The scientific and technological revolution in fact dis-

places the center of gravity of economic life (industries and "traditional" activities characteristic of development in the nineteenth and twentieth centuries—steel, chemicals, engineering), to new branches (atomic energy, aerospace industry, electronics). These require a qualitatively different composition of labor, which, with the advent of automation, tends to eliminate "common" labor but requires proportionately many more highly skilled workers. It is tempting, therefore, to locate these promising newer industries in the center, and to impose on the underdeveloped world a new unequal international division of labor which would force it to accept industries previously reserved for the developed countries but now becoming less attractive in terms of their future possibilities. This is why the Third World is now the site of many old textile industries, and eventually perhaps also of more enticing industries, such as steel, chemicals, etc. In fact, this new international division of labor will be based increasingly on the inequality of labor skills.

The Third World accordingly confronts the task, in this domain also, of reviewing all its policies with respect to training and educational strategy and of giving high priority to the necessity of acquiring autonomous control over scientific and technological research.

PART III

**Problems of Transition
and the Building of Socialism**

CHAPTER 8

The Lesson of Cambodia

There is one very recent socialist revolution that we hear nothing about. This is no doubt partly because the Cambodian revolutionaries do not feel themselves accountable to all the "heralds" of socialism. It is also because this revolution, like certain others, has departed from the established formulas. It took place in a country which is among the most "backward" of the world capitalist system; it took the form of a peasant war led by a tiny group of "intellectuals" in a country with almost no working class; it seized decaying towns without firing a shot; it immediately closed the country almost entirely to all external influence; and it carried out a rapid disurbanization. Out of resentment, some people already regard it as an insignificant peasant rising (*jacquerie*), while others will claim, against all evidence, that the revolution was imported. In our view, the lesson of Cambodia is quite essential, because it occurred in a country whose structures and situation are highly reminiscent of those of the average African country and of some regions of Asia. Thus the victorious strategy of our Cambodian comrades must be systematically compared with those advocated elsewhere.

Cambodia is a small country, both as to population and to its place in the world capitalist system. Being relatively underurbanized and underindustrialized, it was ranked at the bottom of the underdeveloped countries. A few years ago, its rural masses did not seem any more ripe for a revolution than those of the African Sahel, the Congo, Zaire, Dahomey, Madagascar, and most of the other "backward" regions. Its urban masses did not seem much more ready: a tiny so-called "privileged" working

class, a petty bourgeoisie of nationalist intellectuals and civil servants, a foreign comprador bourgeoisie, a few large-scale imperialist interests concentrated in the small areas of plantations. After direct colonization, there was a neocolonial regime characterized, as elsewhere, by the rapid enrichment of a political class which used the state apparatus to get its percentage out of foreign capital, investing the proceeds of its misappropriations in such areas as the construction of villas rented to foreigners, and in truck and taxi services—in its own way, an average African republic.¹

But we need to push the comparison further. The abundance of land had also delayed the development of a precapitalist class exploitation of the peasant masses. Not that Cambodian society was classless; the Khmer state belonged to that type which extracted from the villagers a tribute in kind, in labor, and in people. For this it could rely not only on its army of civil servants, but also on its allies within the peasant society. The latter was thus composed of families of unequal personal status (both "slaves" and free), unequal social and political status (chiefs and dependents), and even unequal economic status (unequal access to quality or size of land and other basic resources). But the economic exploitation of some by others was, if not nonexistent, at least marginal.² There was nothing comparable to the so-called feudal structures of China, Vietnam, Northern India, or Egypt, for example. On the whole, it was a society very similar to most African societies.

In reaction against the hollow assertions of nationalist or neocolonial leaders that their societies had been classless—which ignored the state exploitation that they inherited and maintained—progressive European sociologists endeavored to highlight the internal class differentiations of these peasant societies. This approach frequently induced them to confuse the relations of social domination with relations of exploitation (extortion of a surplus).³ This inaccurate view entails a strategy which the Cambodian experience has now shown to be mistaken.

When imperialism found some advanced precapitalist forms of exploitation within the peasant society itself, it had no difficulty in

finding allies in the exploiting rural classes and in integrating the conquered society into the capitalist system. Gradually transformed in this way, the old class differentiations changed their form and content, and were reduced to the opposition between landowners (estate owners and/or kulaks) and working peasants (middle peasants who were thus unable to expand, poor peasants, tenant farmers, sharecroppers, landless peasants, farm laborers). The large estate owners and the kulaks—a minority—formed an alliance with imperialism and developed the cash crops in which the imperialists were interested. They took advantage of this integration into the world system, often accompanied by the land hunger of those who were exploited, to impose continually increasing farm rents and tougher terms for sharecroppers, and to reduce the wages of the farm laborers. The working peasants, particularly the poor and landless peasants who were becoming an overwhelming majority, came to constitute the army of a revolution that was first national and democratic and then socialist. The history of the way the Egyptian "feudal lords," the Indian zamindars, and the Chinese gentry turned into latifundary estate owners follows this model.

At a certain stage in its development, imperialism had to transfer the center of gravity of its rural alliance with latifundaries to a broader class of rich peasants, who benefited from bourgeois land reforms. At this stage, enlargement of the internal market by the development of import substitution industries required both an increase in agricultural output for the urban markets and the release of extra manpower so urban wages could be reduced.⁴

But when faced with societies such as those of Cambodia and many regions of Africa, imperialism was somewhat at a loss. It could of course form an alliance with the reigning monarchies and the local chiefdoms in order to establish its political and military domination. But how could it exploit the peasant masses and force them to produce for it?

One possible procedure was to expropriate the indigenous inhabitants and give the land to settlers or capitalist firms, granting them the necessary resources to develop export crops by modern methods, and providing them with cheap labor by various means

class, a petty bourgeoisie of nationalist intellectuals and civil servants, a foreign comprador bourgeoisie, a few large-scale imperialist interests concentrated in the small areas of plantations. After direct colonization, there was a neocolonial regime characterized, as elsewhere, by the rapid enrichment of a political class which used the state apparatus to get its percentage out of foreign capital, investing the proceeds of its misappropriations in such areas as the construction of villas rented to foreigners, and in truck and taxi services—in its own way, an average African republic.¹

But we need to push the comparison further. The abundance of land had also delayed the development of a precapitalist class exploitation of the peasant masses. Not that Cambodian society was classless; the Khmer state belonged to that type which extracted from the villagers a tribute in kind, in labor, and in people. For this it could rely not only on its army of civil servants, but also on its allies within the peasant society. The latter was thus composed of families of unequal personal status (both “slaves” and free), unequal social and political status (chiefs and dependents), and even unequal economic status (unequal access to quality or size of land and other basic resources). But the economic exploitation of some by others was, if not nonexistent, at least marginal.² There was nothing comparable to the so-called feudal structures of China, Vietnam, Northern India, or Egypt, for example. On the whole, it was a society very similar to most African societies.

In reaction against the hollow assertions of nationalist or neocolonial leaders that their societies had been classless—which ignored the state exploitation that they inherited and maintained—progressive European sociologists endeavored to highlight the internal class differentiations of these peasant societies. This approach frequently induced them to confuse the relations of social domination with relations of exploitation (extortion of a surplus).³ This inaccurate view entails a strategy which the Cambodian experience has now shown to be mistaken.

When imperialism found some advanced precapitalist forms of exploitation within the peasant society itself, it had no difficulty in

finding allies in the exploiting rural classes and in integrating the conquered society into the capitalist system. Gradually transformed in this way, the old class differentiations changed their form and content, and were reduced to the opposition between landowners (estate owners and/or kulaks) and working peasants (middle peasants who were thus unable to expand, poor peasants, tenant farmers, sharecroppers, landless peasants, farm laborers). The large estate owners and the kulaks—a minority—formed an alliance with imperialism and developed the cash crops in which the imperialists were interested. They took advantage of this integration into the world system, often accompanied by the land hunger of those who were exploited, to impose continually increasing farm rents and tougher terms for sharecroppers, and to reduce the wages of the farm laborers. The working peasants, particularly the poor and landless peasants who were becoming an overwhelming majority, came to constitute the army of a revolution that was first national and democratic and then socialist. The history of the way the Egyptian “feudal lords,” the Indian zamindars, and the Chinese gentry turned into latifundary estate owners follows this model.

At a certain stage in its development, imperialism had to transfer the center of gravity of its rural alliance with latifundaries to a broader class of rich peasants, who benefited from bourgeois land reforms. At this stage, enlargement of the internal market by the development of import substitution industries required both an increase in agricultural output for the urban markets and the release of extra manpower so urban wages could be reduced.⁴

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ranging from pure and simple coercion (forced labor) to "economic" constraint (compelling the indigenous people to obtain money in this way to pay their taxes, confining them to inadequate "reservations," are two examples). The imperialists did this, but the areas developed in this way were usually limited, and the majority of the peasant population remained outside this system, except in South Africa, Rhodesia, Kenya, and Algeria. In Cambodia—where it is Vietnamese—and in Madagascar and Africa as a whole, the wage labor of the colonial plantations never represented more than a small fraction of the rural labor force.

A second procedure was to integrate the indigenous peasant economy into the international division of labor. The classic means of compelling this is well known: taxes in money, which the peasants must pay by producing for the market the only product which can find buyers, under price terms fixed unilaterally by the monopolies and the administration which serves them. But in this case the peasants must still be left with the means of producing what is needed for their subsistence. Hence the system requires a margin of available land and labor. In its turn, this mobilization of surplus labor distorts the peasant society which is subjected to the exploitation of capital. First, it breaks up the old complementarities in the division of labor: it abolishes the handicrafts which used to supply local needs and opens up a market for the products of capitalist industry, making rural society dependent on commodity exchanges. Second, it transforms the previous social differentiations and creates new ones. Private commercial ownership emerges in certain zones, especially around the towns. Elsewhere, those who used to benefit from pre-capitalist relations of domination turn them into capitalist relations of exploitation. While it is exceptional for them to seize land, they commonly occupy strategic positions in the commodity exchanges between countryside and town.⁵

The revolutionary experience of Cambodia demonstrates a correct assessment of the hierarchy of contradictions specific to that type of society. The principal contradiction here is between the peasantry as a whole and the capital which dominates it—symbolized by the town. The internal contradictions of the peasantry are subordinate to this principal contradiction. The

peasants—although unequal in social power and wealth—do not exploit each other much, but they are all, or almost all, collectively exploited by capital. Evidence of the fact that they exploit each other little is that there are hardly any agricultural laborers, landless peasants, or sharecroppers (and for those few, the terms of sharecropping are relatively mild, or else the sharecroppers operate on behalf of urban landowners, civil servants, or traders). To attempt at all costs to see here the Chinese or Vietnamese classifications (which progressive sociologists often do with respect to Africa, stressing unequal status—"slaves" and free, caste hierarchies—or the embryo of an exploitation of some people's labor by others), is misleading from the point of view of revolutionary strategy. How can a movement be based on the "poor and landless peasants" when these do not exist or are only a minority? How can action be based on old oppositions (descendants of slaves or free) which are continually being attenuated by the common domination of both by capital? Confronted by the government which taxes them, the imperialist trading firms (and their state-owned successors) which fleece them, the agricultural extension services and their supervisory companies (*sociétés d'intervention*), and all the agents who, in one capacity or another, have ousted them from their place in the world, the peasants are united, or at least feel the need to unite. It is the enemy who divides them by exploiting the internal differentiations of their world, it is the enemy who finds among them its own infiltration agents. In order to free themselves, they need to transcend most of these divisions and isolate the tiny minority of those who have really joined the enemy camp; they need to unite. They feel this need in their revolts.⁶

The history of these peasant societies is that of an uninterrupted series of revolts against the domination of capital: resistance to conquest, to the administrative machinery, to its forced-labor requirements (*corvées*) and its taxes, massive uprisings whenever the peasants feel that the ability of urban capital to operate in the countryside is weakening.⁷ In Zaire, during a period of ten years, the dissident peasants drove out government officials, occupied towns, attacked all the symbols of their oppression, mercilessly fired on all the "men wearing ties," burned

the airconditioned villas, and did not spare either the missionaries in charge of their souls, the medical personnel in charge of their bodies, or the teachers in charge of their brains. There are similar examples everywhere, from Cameroon to Kenya and Madagascar. All these revolts were crushed. Was this because of their internal divisions? Or the treachery of the "privileged" among them? Not at all. The revolts were crushed from outside, by an organized and more powerful enemy.

What they had to do, then, in order to win in their turn, was to weaken their common external adversary by dividing them instead of allowing their own internal divisions to be accentuated. But for this they had to rise above their rural horizons, find allies in the towns, and acquire a leadership that could coordinate their attacks against the towns and weaken the enemy from within. In short, they needed the ideological leadership of the working class, which alone could make their revolt against capital a stage in the world socialist revolution.

So there are two opposing strategies here. The first, suggested by those who dwell on the internal divisions of the rural world, advocates categorically the all-out and immediate development of the class struggle in the countryside. This strategy may seem "revolutionary"; by compelling comparison with China or Vietnam, it may attract leftwing sympathy. But it leads to failure and makes itself the objective ally of imperialism by speeding up, after the defeat, the disintegration and subjection of the countryside. The second strategy is the one which led our Cambodian comrades to victory. Being better Marxists, they realized that their country was neither China nor Vietnam. They formed a peasant army, united those who had been divided first by the old Khmer kingdoms and then by imperialism, weakened the enemy by depriving them of the support of the workers and the dispossessed of the towns as well as the patriotic sections of the petty bourgeoisie, undermined their army of repression, and finally won. The lesson in revolutionary strategy they have given us is doubtless the most relevant one for most of the countries of Africa.⁸

CHAPTER 9

Education, Ideology, and Technology

1. The function of education in social reproduction

By social reproduction we mean the combined mechanisms that ensure the re-creation of the physical, social, political, and ideological conditions for the functioning of a given society. This society does not have to be static; it may be dynamic, expanding, or even undergoing a qualitative transformation.

"Social reproduction"—the re-creation, from one phase to another, of the conditions enabling a society to function—usually brings to mind the reproduction of the productive forces, i.e., the reconstitution of the capital goods and the investments required to maintain the continuity of production. The social reproduction of the productive forces accordingly involves not merely the static re-creation of the initial conditions of production, but also the dynamic expansion of the productive apparatus. Viewed in economic terms, this process of reproduction involves two kinds of investments—those intended to meet the costs of depreciation and maintenance of the production apparatus and those intended to finance increased productive capacity. Economic models (Marx established the first of its kind in volume 1 of *Capital*) indicate the conditions of static or dynamic equilibrium required for the reproduction of the productive forces. Input-output techniques eventually made it possible to determine the conditions of social reproduction in terms of accumulation and the allocation of technical means.

At the same time, of course, social reproduction also requires an appropriate distribution of the work force, both among the

various branches of economic activity and within each branch, according to specific skill levels in keeping with the techniques utilized.

Owing to the division of labor between economists, sociologists, political scientists, and other social science specialists, economists habitually emphasize the reproduction of the productive forces, while disregarding the appropriate allocation of the work force. The latter is supposed to be a function of the system as a whole; in their view, the system as such, operating primarily through the educational system, automatically ensures the appropriate training (including on-the-job training) of the work force. Furthermore, the mechanisms of the labor market and the variations in the remuneration of labor in keeping with different skill levels and varying demand for these skills are supposed to ensure a proper distribution of the work force.

Such a view is based on a distortion of reality; it masks such important factors as the reproduction of the class conditions of society. Even as technologies are not neutral with respect to the organization of work, so the division of labor is not neutral with respect to the organization of social, political, and economic power. More generally, education itself is not neutral with respect to class conditions. Even when an educational system is committed to providing equal opportunities for all children and, by means of generalized examinations and scholarships, ensures the highest degree of social mobility, it still has a limited democratic impact owing to the class division of society and the inequalities in culture and general knowledge transmitted, outside the school system, by the family and social milieu.

We must therefore take a closer look at the role of education (in the broadest sense, i.e., including adult education) in the recreation of social conditions. This requires us to examine, in addition to the formal aspects of education (length of schooling, pedagogic content), such essential factors as the ideology transmitted by education and the social roles which education inculcates in the individual. In other words, we must analyze the problem in close relation to what may be termed the reproduction of the ideological conditions of society.

2. Education in precapitalist societies

It is generally agreed that in precapitalist societies education has a formal character. In civilizations having a written language, language study is limited to a small minority; education deals essentially with the study of language, grammar, religion, and ethics—it involves the acquisition of a general culture of a religious ideological type. Secondly, the training of the producers as such, i.e., as technicians of production, is not provided by a formal public educational agency; it is acquired through practical work experience—in agriculture, through the transmission of skills accumulated by the family, and in the crafts, by more or less complex and formalized systems of apprenticeship, guilds, and practical experience in the production unit itself. In these societies, scientific training as it is understood in modern societies is not distinct from philosophical and religious education in general; scientific research is carried on by a small number of individuals who are not formally trained but self-taught.

In considering these facts, the first explanation that usually comes to mind derives from the mode of thought of the Enlightenment which holds that scientific and technical progress is continuous. In keeping with this linear view of history, traditional education is regarded as a simple reflection of scientific and technical impoverishment—the level of scientific and technical knowledge necessary to ensure production does not require schools, and even less, specialized schools. The mode of thought of the Enlightenment also explains the religious character of ruling-class schooling in terms that are rather contemptuous of these “alienated” forms of education—our modern education is supposedly more advanced because it is less religious, more scientific, more receptive to the critical spirit.

This explanation evades the essential problems. Although it contains some truth, it greatly underestimates the importance of technical and scientific knowledge in precapitalist societies. But above all, it masks the relation which exists between the modalities of traditional education on the one hand, and the nature of precapitalist modes of production and their ideological require-

ments on the other; and it obscures the manner in which these societies articulate the organization of material and ideological production.

Regardless of their great variety, all these traditional societies are characterized by the transparent obviousness of the economic factor. Their modes of production and distribution are clearly evident because economic organization is direct, and not mediated by the market. The appropriation of the surplus by the ruling classes is therefore perfectly visible. Take a feudal-type agrarian society in which a serf works three days on his own patch of ground and three days on the land of his lord—it is obvious to both that the serf's labor produces the surplus appropriated by the lord. Or take a slave who is fed by his master but in return furnishes the totality of his labor—this slave understands perfectly that he produces more than he consumes, and that his surplus product is the source of his master's wealth.

In these societies, economic exploitation can be reproduced and maintained only if the society as a whole (both the ruling classes and exploited classes) shares an ideological philosophy that justifies inequality. Such an ideology has assumed various forms in keeping with the traditional systems themselves, but it appears essentially as an ideology which justifies inequality in relation to social and political functions. It may be formulated in terms of inequalities of origin (race, class, family, clan), and/or in terms of an innate inequality of "intelligence" or individual capacity, and in the context of an organized system of social mobility (such as that of the mandarin), in terms of an inequality of social function.

Ideology, therefore, is clearly a dominant factor in the reproduction of society. It is also clear why this ideology assumes a religious character—its pronouncements and axioms must be absolute, and its principles of social organization must be derived from these axioms through an analogical system of formal reasoning. This philosophical education may assume a strictly religious form (Christianity, Islam, Hinduism, Buddhism), or it may assume the form of a secular ideology, as in the Chinese tradition, which is an idealist philosophy similar in nature to a religious ideology. This ideology constitutes the essential content of educa-

tion, especially that provided for the ruling classes; for the ruling classes must be as alienated as the exploited classes; they must believe in this ideology in order to be able to act upon it effectively. Hence the religious orientation of elitist education.

As for the education of the producers, which is acquired outside a formal educational system, it is not inferior to the schooling provided for the majority of people today. Although for thousands of years the training of the producers consisted of practical work experience, this was not due primarily to the simplicity of techniques. In fact, contrary to a widespread prejudice, the agricultural worker—even in precapitalist societies—is infinitely more skilled than the majority of modern industrial workers. Agricultural production demands truly scientific qualities of observation, applications of reasoning, evaluation of probabilities, and empiricism which are not required by the worker who endlessly repeats the same simple gesture. The handicrafts of a precapitalist society also require highly developed skills. This does not mean that, on the whole, the productivity of social labor in precapitalist societies was higher than in capitalist societies; on the contrary, the overall productivity of labor in our society is obviously infinitely higher. But this superior productivity derives from the division of labor, from a sharp polarization between the highly skilled labor involved in designing and constructing the means of production and the largely unskilled labor who must operate these means of production.

If the producers of the traditional societies receive no formal schooling but are trained in the workplace itself, this is therefore not due to the fact that they tend to require fewer skills than the producers in capitalist society. It is rather because in precapitalist societies the division of labor is less pronounced than in capitalist society. It exists between occupations (agriculture, ironwork, woodwork, pottery, textile, construction, etc.), but not within occupations. Within each occupation there is at the most a division of labor between more prestigious supervisory tasks and physically more demanding tasks, based on age, sex, and eventually social position, but this division of labor is unrelated to the knowledge and skill required by the practitioner of the trade. This is why the connection between theory and practice, between the

teaching of production techniques and the application of these techniques, appears as integral, simple, obvious; it is not downgraded by an ideology which holds that education and knowledge are necessary preconditions for practice.

Insofar as the level of development of the productive forces is less advanced than in contemporary capitalist society, the technical knowledge utilized by the producers has an empirical character. This empirical knowledge presupposes scientific knowledge but is not derived from it in a systematic manner. This is why there is a relation between religion—more generally, the totality of dominant ideas formulated in a religious framework—and the skills of production. To be sure, production techniques derive from empirical observation and experience, and not from the prior observation, analysis, and mastery of scientific principles. But these production skills are linked to religion through the intermediary of myths. These myths in turn replace scientific knowledge or partially convey scientific knowledge through the medium of a more complex set of beliefs and practices.

Thus these societies reproduce the division of society into ruling classes, for whom a more advanced ideological education is provided, and producers, whose training is acquired through practical work experience.

3. Education, ideology, and technology in the capitalist system

In capitalist society, on the contrary, the economic factor is, for the first time, obfuscated by generalized commodity exchange. The division of labor becomes so complex that the producers no longer have a direct relationship to one another, and distribution no longer appears as directly related to production. This obfuscation explains the emergence of social laws as we understand them. In the natural sciences, a "law" refers to forces which impose themselves objectively as autonomous forces independent of the observer. The notion of social laws distinct from moral laws was inconceivable before the rise of the capitalist system. It is with the emergence of social laws that appear to be

autonomous with respect to society that capitalist society could develop a new science of society, distinct from ethics and religion.

The principal aspect of this social science is the economic aspect. These social laws, which impose themselves as autonomous forces, are primarily economic laws—the laws of market exchange. The prices of goods, the prices of labor, the destination of goods appear to result from the market confrontation between supply and demand—with respect to commodities, labor power, capital goods, investments.

In capitalist society, therefore, ideology has an economic rather than religious character. This is paralleled by a demystification of politics which becomes detached from ethics and religion and increasingly appears as a branch of social science. This point is essential for an understanding of the changes that occurred in the area of education.

At the same time—and this is a second basic aspect of the question—there is a spectacular development of the productive forces resulting from the division of labor within occupations combined with the utilization of increasingly effective means of production.

In considering education and training in nineteenth-century capitalist society, we can find several characteristics. First, the education of the elites is still largely traditional, based on the humanities, and certainly less religious; it increasingly incorporates "scientific knowledge" but retains its basic philosophical, linguistic, and literary orientation. Training in reasoning is provided by the gradual extension of instruction in mathematics as a foundation of formal logic.

Second, the training of skilled workers (and, to a lesser degree, of more advanced technicians and engineers) is at first quite restricted and frequently considered inferior to the humanist education of the elites, i.e., of the new bourgeoisie, including its political members and leading ideological and intellectual representatives. Much of this training, especially that of skilled workers, is acquired through practical work experience and permits social mobility toward more advanced levels, notably that of engineering.

Third, the gradual spread of basic education. This is a general education in citizenship combined with elementary scientific and technical knowledge in preparation for eventual skilled work.

To understand these three characteristics we must relate them to the specific characteristics of capitalism—the obfuscation of social relations; the emergence of objective, especially economic, laws; the predominantly economic character of ideology; and the development of the productive forces in keeping with the division of labor within occupations (i.e., the growing separation of policymaking tasks and unskilled performance tasks).

The schooling provided for the people under the guise of generalized primary education is essentially a training for citizenship. This civic training becomes gradually detached from religion (although it may retain some elements of religious origin or character) because politics has been demystified; and with the emergence of economic and social laws which impose themselves on society as natural, autonomous forces, the religious element shifts from the political to the economic domain.

The education of the elites, therefore, involves primarily the acquisition of an ideological body of closely interrelated opinions, ideas, and information concerning the social order and the objective character of the laws of society. This education is paralleled, with respect to the organization of work, by a division between skilled work and the unskilled work of the mass of producers. The growing division of labor underlies not only the problems of education but, more generally, the problems of civilization, social perspectives, and the ultimate purpose of economic development. This situation has given rise to many of the contradictions that underlie the chaos of the modern world.

4. The crisis of the modern world

The first contradiction is the increasing degradation of work in the industrial world, i.e., downgrading of the work skills of a growing number of workers. *Labor and Monopoly Capital*, an American study by Harry Braverman, gives a powerful descrip-

tion of the degradation of work in the United States. At the beginning of the twentieth century, the percentage of unskilled workers barely exceeded a third of the active population; in 1970, this figure had risen to 70 percent, and it now includes not only the great majority of workers in the secondary sector, but also a growing majority of workers in the tertiary sector. This massive degradation of work skills of the majority of producers is paralleled by the increasing specialization of a minority.

This first contradiction gives rise to another. At the very moment when, under the impact of affluence and democratic pressures, the educational system tends to become generalized on the secondary level—that is, at the very moment when the citizens of these countries are acquiring an increasingly lengthy formal education—it is becoming increasingly difficult for a majority of these citizens to find work. For a growing majority of the population, education is becoming dysfunctional, a kind of superfluous luxury.

This second contradiction derives from the specialization of skilled work. Skilled labor used to be distributed almost evenly over the entire work force in keeping with a social division of labor among occupations but not, by and large, within occupations. During the nineteenth century, the utilization of increasingly modern and effective techniques designed to increase overall labor productivity gradually created a closer connection between science, the source of knowledge, and technology, the application of knowledge in a particular area of production.

During much of the nineteenth century, the dominant branch of scientific knowledge was mechanics, the foundation of applied technology. Owing to a less pronounced division of labor, this afforded a measure of social mobility through the acquisition of relatively accessible knowledge. This period saw the widespread diffusion of popular technical and scientific works on mechanics that were read and studied by large numbers of workers. The training of skilled workers was not yet highly specialized, except for certain occupations such as medicine and other professions which were in any case restricted to bourgeois practitioners.

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Today the situation is quite different. The branches of technology have undergone considerable diversification and the scientific

foundations of technology are therefore much less unified around mechanics. Today, electronics, mechanics, biology, and other branches are equally important scientific sources of technology. The training of skilled labor is becoming increasingly specialized and involves many more workers than the small number of engineers trained in the nineteenth century. This training nevertheless involves but a small minority of workers. The training of highly skilled workers is the condition for the degradation of work for the majority of workers.

The third contradiction bears on what may be called the crisis of the humanities. This crisis is closely related to the changes that have occurred in the ownership and control of capital—the gradual disappearance from the bourgeoisie of the individual or family entrepreneurs of the nineteenth century, and the emergence of a class which tends to exercise collective control over much more highly centralized capital. The centralization of capital, an expression of the growing contradiction between the social character of production and the exclusive control of this production through formal ownership of the means of production, is reflected in the fact that exclusive family ownership of the enterprise has been supplanted by social forms of ownership, by the corporations which control capital. The bourgeoisie of the nineteenth century is increasingly being replaced by what Galbraith, among others, has ambiguously termed the “technostructures.”

This change calls attention to another aspect of social reproduction—the reproduction of the bourgeoisie itself as a social group composed of individuals and families. In the nineteenth century, the bourgeoisie reproduced itself through the bourgeois family, through marriage and family inheritance. Owing to the centralization of capital and the transfer of formal control over capital to the corporations, family inheritance is no longer of major importance. Since, on the other hand, the mass of producers are able to acquire an elementary and secondary, and in certain cases even a college education, the training of the “elite” is increasingly based on a sociopolitical process of internal selection. This selection is disguised as recognition of individual “qualities” or practical on-the-job experience (whether valid or not),

but it conflicts with the democratic pretense of social mobility. This provokes a crisis in the humanities-oriented system of education (which is bound to disappear since the bourgeoisie is no longer reproduced primarily through the family), and transforms the character of the training and education of the ruling class.

The training and education of the ruling class are now based on science and technology viewed as ideologies. Ruling-class education is no longer designed primarily to produce scientists and technicians; its principal objective is to inculcate the notion that science and technology are autonomous forces external to society. This is one of the aspects of the crisis of the universities with respect to the teaching of the social, political, and economic sciences; at the same time, the premise that technology must replace ideology is giving rise to a new philosophical orientation.

This, then, is the context of the contradictions of the modern world in the area of education. How do these contradictions relate to the underdeveloped countries? These countries are integrated into the world capitalist system—economically (decisive role of external relations in the transformation and development of these countries) and socially (borrowed models of consumption, culture, and technology, and transmission of the dominant ideologies). As a result, all these contradictions are present in the periphery of the system, although they are here scaled down and, for this very reason, even more violent.

In the underdeveloped countries the traditional economic system has been gradually destroyed by its integration into the world capitalist system. The handicrafts have almost disappeared due to the competition of manufactured goods, and the system of agricultural production has deteriorated due to external pressures which have forced it to adjust to the requirements of the world market. We can see extreme examples of this in African societies in which food production involving sophisticated accumulated technical skills was gradually supplanted by the production of export goods fabricated in centers run by technical researchers and consultants who have no relation to the producers, and whose output is “transferred”—forced upon the producers through managerial systems, cooperatives, and supervisory companies which dispossess the peasants of their ancestral skills. Owing to the penetra-

tion of capitalist ideology into the underdeveloped countries, the destruction of the traditional system of on-the-job training is paralleled by the deterioration and gradual disappearance of the elitist systems of education, especially those based on traditional philosophy and religion; this is happening, for instance, to Koranic education in all the Moslem countries.

Moreover, this destruction leaves nothing in its wake. Whereas in the center of the capitalist system traditional education was gradually replaced with a new kind of schooling, which I have criticized in the preceding pages, in the underdeveloped countries the destruction of traditional education has in numerous instances resulted in total illiteracy and in the loss of the traditional technical skills accumulated through practical work experience in agriculture and the crafts.

This process of destruction can be observed in various domains. First, in the most important domain—economic life. It is the study of this domain that led to the gradual discovery that underdevelopment results from development in the center, expansion of the center, the center's domination of the periphery—destruction of handicrafts, dominant role of agriculture—and, at the same time from a belated and inadequate industrialization based on technological and consumption models borrowed from the advanced world, which therefore cannot provide work for the majority of the producers it "marginalizes."

The effects of this process of destruction can also be observed in the domain of language. There is good reason to believe that the languages of the Third World as they are actually used are gradually deteriorating as a result of the degradation of work. I am thinking of African languages which, in keeping with the prevalence of skilled handicrafts, incorporated a corresponding technical vocabulary and an underlying conceptual system that presupposed an implicit body of theoretical knowledge.

In the underdeveloped countries, the contradictions of the system thus assume a violent and almost caricatured form. We are witnessing not only the dispossession of work in the industrial world, but also the degradation and dispossession of a mode of work which is not even being replaced with industrial labor. In other words, there is a growing number of unemployed who are

unskilled in the full sense of the term—they are neither artisans nor peasants, having no longer those skills, and they are not even degraded industrial workers. Since the models of industrialization are borrowed from the developed countries, we are also witnessing the specialization of skilled work, but this specialization is such that the capacity for mastering these work skills is practically nonexistent. This difficulty is dealt with by the massive purchase and use of imported skilled workers and expensive technology. But when complex machinery is imported, the difficulty is not to operate it, but to get to know its "secrets," i.e., to be able to reproduce it, and eventually to adapt it to ends different from those for which it was designed. And finally, we are witnessing a transfer of nineteenth-century elitist educational models which are here perfectly absurd, since they are not even rooted in local tradition, as they were in Europe.

What is the purpose of literacy or mass education campaigns in such a society? Stated bluntly, they are dysfunctional, they are out of place, not required in terms of the social reproduction of the dominated peripheral system, and consequently, serve a purpose only when pursued in conjunction with an upgrading of work.

What do we mean by the upgrading of work? In this respect, as in others, the underdeveloped countries cannot retrace the path followed by the developed countries. Each must transcend the capitalist system from the outset and develop technology that will enable it not only to solve its own particular economic problem, that of underdevelopment, but also to open up new perspectives for world civilization. This is an extremely complex and difficult problem which will take a long time to solve. It is, moreover, not excluded that the currently developed world will also participate in the creation of this new world civilization by challenging the forms of social and work organization which are now characterized by massive degradation.

The underdeveloped countries are compelled to do better than the capitalist system or they will not even be able to catch up with it. It is because this particular situation was ignored that the literacy and popular education campaigns produced only mediocre results throughout the Third World. That these efforts are regarded as a superfluous luxury both by their intended ben-

eficiaries and by the authorities in charge is due to the fact that they are not paralleled by profound changes in the economic and social system that would make it possible to provide employment for the entire active population and to upgrade work skills.

In fact, the successful literacy and mass education campaigns all took place in countries which have begun to challenge the mode of social organization and have opened up new avenues, however modest, for the upgrading of work. This shows that the very purpose of literacy and adult education campaigns must be to awaken the capacity for scientific and technical innovation in the underdeveloped societies, and not to transmit the prevalent skills of the developed world. To be sure, this capacity for innovation must also be based on a universally valid body of scientific knowledge. But although science is to some extent universally valid, this is not the case with technology. Technology is a concrete response dictated by specific social conditions.

An effective literacy or adult education campaign that is relevant to the problems of development must have a number of features: First, it must create close links between theory and practice on all levels. In other words, scientific knowledge and skills must be transmitted in a critical, modern form that can be further enriched. But this kind of schooling must also be carried on in close conjunction with a work practice that is relevant to the society in question. This means that the economic and social system must guarantee work for all as well as the prospect that all workers will be able to acquire increasingly advanced skills.

Second, for such a campaign to be successful it must be egalitarian—it must involve the entire population, all the rural and urban regions, those who are working as well as those who are unemployed and who must be guaranteed employment after they become literate. At the same time, every effort must be made to prevent those who have had advanced training—frequently acquired abroad and dysfunctional for the society—from capitalizing on their accidental advantage over others. Such a campaign must therefore be organized democratically. In this respect it is useful, as the Chinese have learned from experience, that young people who have completed a secondary or higher education return regularly to the “base” and acquire more advanced levels

of schooling only gradually, after having become fully familiar with the ordinary work of the majority of workers. It must also be possible for all workers who have the capacity and are so inclined to acquire advanced training and education, in order that technical innovation may develop on the basis of the greatest possible equality.

Third, an explicit critique must be made of the ideology and structure of traditional education as well as of the traditional society itself. This should not take the form of criticizing the traditional ideology in the name of a culture, ideology, and educational structure borrowed from the contemporary capitalist world, for these have an alienating impact on the local society and are not rooted in the national cultures. The local culture and ideology must be transcended from within. There are ambiguities in this area that relate to the nationalist theme of authenticity. It is not possible to transcend them without ensuring a simultaneous continuity and break; nor should the traditional society, its educational systems, and its ideology be discarded without replacing them with another social organization, other systems of education, and another ideology that are truly relevant to the problems of the masses, the victims of peripheral and dependent capitalist “development.”

CHAPTER 10

The “Transfer of Technology”

In recent years the problems of “transfer of technology” have been on the agenda both in social research programs and in international negotiations. The issue is how to accelerate and reduce the cost of the transfer of technology from the developed to the underdeveloped countries. It is thus implicitly assumed that this transfer is desirable and even necessary. But it seems to me that the question has not been properly stated.

First of all, it is not possible to analyze scientifically the problems of technology and its possible transfer without first studying the history of the relations between science, technology, production, and society. This history is in fact that of the (recent) weakening of the link between technology and production. For thousands of years, and in all societies, technical inventions were made by the direct producers. This was so not only until the Industrial Revolution, but even beyond it, probably until the end of last century. The first machines—the weaving loom, for example—were invented and improved by crafts workers who triggered the Industrial Revolution. Subsequently, throughout the last century, inventions and improvements were largely the result of collaboration between practitioners—heads of firms, engineers (often relatives of the former)—and skilled workers. In the nineteenth century, it was still exceptional for technical invention to be done by specialized research departments separate from production. At the same time, technical invention was not yet directly and explicitly linked to fundamental scientific research, which seemed to proceed without any concern with practice.

There are many reasons for this. The relative simplicity of the

production processes may suggest that these were still within anyone's reach. But this is misleading. The reason the producers were still creators is ultimately because they controlled the production processes. The division of labor was still limited; it operated between occupations but not very much within them. Nowadays it is really only the peasants who remain skilled producers without job specialization. Because there is no division of labor among peasants, these producers can view their product in relation to its entire use-value and, consequently, make creative use of their capacity for observation and reason.

Technology was probably still largely autonomous with respect to the progress of fundamental science because the techniques in these new branches of activity—the industries—were mainly based on mechanics, which could be grasped by empirical experience without any thorough direct knowledge of its mathematical foundations. Again, in agriculture, observation and experience, without knowledge of the scientific secrets of biology, have made possible immense progress for thousands of years.

Pure science thus was separate from production practice and developed autonomously. This does not mean that science was independent of society, of course, but it was related to the ideological superstructure rather than serving the production base. The dominant branch of science was mathematics, the most advanced formalization of logic, whereas the natural sciences remained at best descriptive. Mathematics went hand in hand with philosophy and attempted to answer the questions raised by it (the infinitely small, for example). Of course, astronomy, which inspired mathematical research, was useful both to agriculture and to navigation, but it was even more necessary to the ideological constructs of cosmogony and religion.

These two sets of relationships have been upset in our century. Technology, having become an object of labor specialization, has been separated from production. On the other hand, pure science has passed into the direct service of technology. This is not only because progress in the (physical and biological) sciences has made prodigious strides since these sciences were launched in the nineteenth century; nor even because mathematics has been systematically made to serve science. It is also because technology is

now derived explicitly from science. The second scientific and technical revolution shifted the center of gravity from mechanical engineering to electronics (this basis of automation supplanting mechanization) and applied biology. Mere empiricism is no longer sufficient to ensure the progress of production techniques.

Does this mean that the growing complexity of technology is the reason for its divorce from production? To all appearances it is, and it is this appearance which suggests that the progress of the productive forces, derived from that of technology, is neutral with respect to the social relations of production. But in fact, this separation stems primarily from the division of labor within trades, the fragmentation of jobs, and the consequent massive degradation of work. While fifty years ago it was still confined to certain jobs in the mechanized manufacturing industry, this degraded labor has now invaded the tertiary sector. Hence the worker has lost even partial control of the production process. Moreover, the fragmentation of jobs not only involves the performance of the job; it has spread to the giving of orders and even to design and policymaking, and to technological research itself. Control of invention is increasingly slipping from the grasp of the scientists themselves.

This evolution is the result of capital's domination of society. We need to rid ourselves of a whole set of myths about the organization of work, efficiency, etc. It has been demonstrated over and over again, with specific examples, that the main purpose of the organization of work as it is now—featuring the separation between the work of design and execution—is to reproduce the relations of domination which determine the relations of exploitation. Efficiency is always in relation to a system: here, the extortion of surplus value.

Thus, while the division of labor by trade or craft necessarily accompanies the commodity form of the product, the fragmentation of jobs within the trade determines the latter's capitalist commodity form. Since technology itself has recently become a commodity—a capitalist commodity—this has been followed by the separation of technological research from production, and by a certain form of division of labor within technological research itself. Technology is an object of buying and selling, in keeping

with the buying and selling of the specialized capital equipment which is its material underpinning and in which it is incorporated. Today the monopolies control this technology; they can refuse to sell it, or insist on certain conditions and, in this way, appropriate some of the surplus value generated by the output obtained by means of this equipment.

If, then, the direct appropriation of the means of production was until recently the necessary medium of control by capital, this is no longer the case, at least not at all levels of the production process. It is sufficient to control its strategic focal points to get hold of most of the surplus value generated in the process as a whole.

It is in this context that the problems of the transfer of technology must be placed. Transfer of what? Transfer to whom? If it is a question of modern technologies, we will have to bear in mind that these are capitalist technologies, and that they are, moreover, controlled by the monopolies. Hence we will be transferring, at the same time as the technology, the underlying capitalist relations of production. Moreover, by this transfer we will not be escaping the domination of imperialist capitalism. On the contrary, we will be extending its scope by integrating the periphery more firmly into the imperialist system. The work done in the last few years on the cost of this transfer is evidence of this—the cost turned out to be exorbitant. For example, the Andean Group of states has been paying prices for this kind of equipment, and for the relevant patents, which are many times their real cost of production. By this means, the surplus value generated at the periphery by “modernization” is largely transferred to the monopolies. Hence the countries of the periphery cannot hope to be able to take over and ensure for themselves their own ultimate autonomous dynamism. This could still be done in the nineteenth century—Germany, Japan, and others began by importing British capital equipment and quickly succeeded in reproducing the technologies incorporated in this equipment. But, in this field as in others, imperialism involves a qualitative break. So we cannot really speak of “transfer” but only of the geographical shift of the place where the technology operates.

It is not a question of reducing the cost of this transfer, even if the cost were zero, the technologies of the imperialist centers would not be able to solve the problems of underdevelopment at the periphery. This technology is excessively costly, not only because of its capital-intensive nature, but because of the wasteful consumption patterns it brings with it, the excessive exploitation of natural resources that it implies, etc. In other words, this technology presupposes imperialism, i.e., the excessive exploitation of labor in the periphery. Thus it can only reproduce the relations of unequal development within the imperialist system.

If this transfer is not desirable, can we envisage another type, that of less advanced technologies? The debate about “intermediate technologies” suggests such a course. But since history is not a linear advance, the present situation of the underdeveloped countries, shaped by imperialist domination, is not the same as that experienced by the now developed centers at a previous stage of their evolution. It is therefore no solution to borrow the technologies of nineteenth-century Europe, apart from the fact that they too brought with them capitalist relations of production.

There is no choice: we have to invent a new technology that can both establish socialist relations of production and develop the productive forces even beyond the level reached by capitalism.

This problem is not specific to the underdeveloped societies; it is a problem of the world system as a whole. We have mentioned the mass degradation of labor involved in the fragmentation of jobs. Automation does not involve a higher average level of skill than mechanization; on the contrary. As automation eliminates the simplest manual jobs in some sectors, the capitalist system develops new parasitic sectors of activity—usually in connection with the “selling costs” of monopolistic competition—which are in their turn affected by gradual degradation because of the fragmentation of tasks. Overall, the whole of social labor is devalued. Thus concrete and complex labor, creator of use-values, gradually gives way to abstract and simple labor, a uniform expending of energy, which makes still more realistic the analysis of value in *Capital*.

For this reason a specific contradiction is developing in our time, which is evidence that the capitalist mode of production is really becoming an obstacle to the development of the productive forces. To do one's job, the nineteenth-century worker needed to be able to read and count. The downgraded worker of our day has a better output if he or she is stupid or has an obsession for repetitive gestures. But at the same time the length of postprimary education has more than doubled. Not only is education no longer useful, it is becoming a motive for resistance—passive for the moment—to the work imposed by capitalism. Yet it also reveals what it could become: an overall enrichment of the creative capacities of society. The progress of the productive forces now requires the gradual abolition of the division of labor which determined their previous development. Society is ripe for communism.

Where can this superseding of the technologies of advanced capitalism find a way to penetrate? A linear mechanistic view of history implies that this revolutionary breakthrough can only come from the most advanced capitalist societies. But there are powerful obstacles to this breakthrough. The societies of the capitalist centers are sufficiently rich, the interlocking of interests sufficiently complex, the feeling for the privileges which imperialism stimulates sufficiently shared, for these societies to be able to wait for some decades yet in a kind of slow decomposition. On the other hand, the societies of the dominated periphery no longer can wait. With every passing year, the material conditions of their vast masses become more intolerable, while the palliatives of capitalist integration become increasingly worthless. The correct solution to the problems of transition from capitalist underdevelopment to the blossoming of the classless society involves the development of creativity with respect to socialist technologies.

It is not difficult to list the obstacles to this flowering of technological creativity. The main one is the gradual deterioration of the scientific and technical abilities of the societies dominated by imperialism. This assertion may seem surprising in view of the quantitative progress of school education in the Third World. But it is a fact that this progress remains quantitatively limited—still

lagging behind the progress of the center; and ambiguous—because of the alienation and "dispossession of the world" which are its necessary concomitants in the forms in which it operates.

Let us take an example. The history of the "modernization" of agriculture in the Third World is that of the dispossession of the peasants. Highly skilled producers in all times and places, the peasants of the three continents have been capable, for thousands of years, of adopting foreign products and techniques. True, this ability to achieve results by empirical observation and to exercise a talent for reasoning and conducting experiments has always been limited by the requirements of the dominating exploiting classes, but it has nevertheless been real. But what is happening in our period of imperialist domination? The new techniques are developed in isolation, in the laboratories and experimental farms of the monopolies and governments. Then, when these techniques prove useful, i.e., likely to extract surplus value from the peasants' labor, they are transmitted to the peasants, i.e., imposed by the government authorities. Dispossessed of the world, alienated, the peasants resist. They are accused of being "reactionary traditionalists." They are sent teams of sociologists and, more often, policemen. They finally give in and allow themselves to be exploited, until such time as they rebel—unless they simply flee to the towns. Yet surely we could imagine a different organization of agronomic research, less centralized, established among the producers themselves, which would enable the technical revolution to go hand in hand with the revolution of relations of production and that of culture and ideology.

These real obstacles must be countered by the powerful potential forces operating in the opposite direction. First, a less rigorous division of labor: there are still many peasants and craftsworkers, and they are still much less degraded than the workers of the developed world. Of course, certain specific forms of the division of labor (division between ages, sexes, and sometimes castes) are still obstacles. But the difficulty here is related to two spheres—that of the relations of productions and that of the ideological superstructures—rather than to the sphere of the technical know-how, which can be acquired. Insofar as the techniques are "ideologized" and integrated into the system of religious

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imagery, this is a different form of dispossession of the world, of alienation. But it is religious alienation reflecting the inadequate mastery of nature, and not commodity alienation which is closely related to the fragmentation of jobs.

In order to conduct simultaneously the three necessary revolutions—that of the relations of production which determines the others, that of techniques which enables the first one to develop, and that of ideology and culture which ensures that it develops in the correct direction—it is essential to have confidence in the masses. Social, political, and economic democracy at the grass roots, and real self-management, are the necessary conditions for this reappropriation of the world. To control the productive process is also to keep for one's community the gains obtained by technical progress. Otherwise "participation" becomes a farce and, as in Yugoslavia, the worker is indifferent to his or her "rights." Here science must come to the aid of the producers. Making science serve the producers means effecting radical changes in education (its form and its content), and linking theory to practice at all levels. It also means guiding the productive apparatus in a direction which will enable it concretely to meet the problems posed by the improvement of productivity and the level of living of the vast majority—for example, making industry serve agriculture in a first long phase of transition.

Immense progress can already be made at this stage. This is how the Chinese commune manages to feed, keep healthy, clothe, and decently house hundreds of millions of people while elsewhere the green revolution and Western-type industry prevents neither hunger, nor shantytowns, nor epidemics. It is how Vietnam succeeded, in wartime, by artisan methods, in adequately meeting 60 percent of its nonfood consumption needs and 40 percent of its capital equipment needs.

Naturally, we must see beyond these advances. But their extension to millions of producers, and the effective participation of these producers in the improvement of their lot, are the best guarantee of a subsequent creative ability which can then progress very quickly. At that stage, borrowing (with reservations and criticism) may find a place in the speeding-up of history. Borrowing a technology from the capitalist world is never "innocent,"

because this technology supports class relations of production; but it is an acceptable compromise when the forces of socialism dominate the situation and are aware of the contradiction between this borrowing and the general policy of socialist development. On the other hand, in other circumstances (for example, those of the countries dominated by imperialism, or of countries which, like the Soviet Union, believed in the "neutrality" of technology) borrowing becomes unacceptable because it objectively strengthens the powers of domination of the bourgeoisie and the technobureaucrats.

It is understandable that backward countries which are freeing themselves from capitalism and imperialism are forced to adopt, at least in some sectors, the modern techniques that are at present the only ones known, while launching a specific criticism of that technology. China imports machinery. But the "modern" machinery is taken to pieces in front of all the workers, who are thus invited not only to learn in a practical way how it functions, but also to reassemble the machinery in their own way and to organize their work as they like. Japan and Russia also imported machines, and also dismantled them, but only for the benefit of skilled engineers who were required to reproduce the machinery and if possible to improve it according to their own logic. What China is doing is different: it has set itself the goal of accomplishing an industrial revolution, but an industrial revolution different from that of the West, an industrial revolution which opens the way to the development of techniques which carry with them socialist relations of production.

PART IV

The End of a Debate

The study which follows should, I hope, bring to a conclusion an important debate which has been going on in recent years—the debate concerning “unequal exchange” and the “theory of international trade.” It is no accident that this discussion, which like so many others appears at first sight to be purely “economic,” can today be concluded by superseding “economics” and restoring historical materialism (i.e., a genuine return to Marx), nor is it merely the fruit of the intellectual effort of all those concerned. Rather it is a reflection of the Chinese Cultural Revolution and its universal relevance.

From the start, two essential points should be made about why the debate can now be considered closed.

1. The essential contribution made by Emmanuel is undoubtedly the discovery of the preeminence of international values. Our world no longer consists of juxtaposed national systems carrying on “external” relations with each other (even if these are important), as was the case until quite recently. Rather it constitutes a unity, a whole—the world capitalist system. Day-to-day “economic,” “political,” and “cultural” events prove this to be the case, but it is insufficient to say so. It is necessary to draw the practical conclusions, for the essence of the whole is always richer than the sum of its parts. Emmanuel has gradually drawn these conclusions: the system is defined in the abstract by the great mobility of goods and capital and by a relative immobility of labor. This means that commodities are not first of all national commodities and then, exceptionally or marginally, international. On the contrary, it means that commodities are primarily worldwide.

This implies that, throughout the system, social labor is crystallized in goods which have an international character. The result is that an hour of simple labor in the Congo and in Germany are as comparable as an hour of labor in a Detroit factory and in a New York barbershop, since both generate the same value; that is, the labor of both the Congolese and the German producer culminates in worldwide commodities destined for the same world capitalist market. This argument is developed in section 2 below.

2. The direct or indirect sale of labor power—overt in a capitalist firm or obscured by an intermediary of a noncapitalist mode of

production as is often the case in the periphery—constitutes the essential problem. We will not understand anything about the world or its real deep-rooted unity unless we grasp the functioning of this sale which gives a universal character to capitalist commodity alienation.

To analyze correctly this sale of labor power, its impact and its forms, two series of difficulties must be overcome. The first danger is that of substituting a mechanistic, linear causality for the dialectic of the relations between objective and subjective forces. The dialectic in question implies that we are concerned with historical materialism and not with "economic theory," which has recourse to linear causality. The use of certain methods, particularly the so-called models method, accentuates this danger, because these models are in themselves mechanistic tools. Sections 4 and 5 below and the appendix seek to restore the nature of this dialectic and expose the dangers of juxtaposing unilateral viewpoints.

The second danger is that of analyzing the objective forces/subjective forces dialectic in abstract, general terms, i.e., out of the concrete context of specific social formations—in other words, forgetting that the unity of the system does not mean that it is homogeneous, but that it is diverse. Hence the dialectic in question must simultaneously and separately envisage the relations between the objective forces and the subjective forces in the center, at the periphery, and in the system as a whole. Sections 6 and 7 as well as section 10, attempt to clarify the specific characteristics of this dialectic at the periphery of the system.

The outline which follows is not systematic, starting with abstract concepts with a view to deducing the concrete reality. I have instead chosen to enter into the debate as it occurred. This method will give us a better idea of why the debate has remained ambiguous, why false problems have overshadowed the real ones. The abovementioned sections assess the situation by returning to the two fundamental elements pointed out above, which were forgotten or insufficiently understood by the participants in the discussion. I will refer to *Unequal Development*¹ in order to avoid repeating myself or giving this article a dimension it cannot attain.

The debate on unequal exchange is not the only one which

should now be closed. It is in close connection with this debate that questions concerning the "transformation of values into prices" (section 8), the falling rate of profit (section 9), and the periodization of the system (section 10) were reopened. And it is for the same basic reasons that they must be closed.

1. The debate concerning unequal exchange

The publication of *Unequal Exchange*² by Arghiri Emmanuel marks an important date in the theory of international trade and, beyond that, in the theory of unequal relations of domination/dependence between the center and the periphery of the world capitalist system. The fact that Emmanuel's argument was rejected out of hand by conventional economists is quite understandable, since the Ricardian theory of international trade is consistent with the subjective theory of value. In fact, that was the only exception to Ricardian internal logic, which was based on the labor theory of value, as Emmanuel was the first to point out very clearly.³

But how can we explain the total silence of Marxists (until Emmanuel) concerning international trade, and particularly the Ricardian theory of "comparative advantage"? I have explained elsewhere⁴ that Marx did not have time to be systematically concerned with the world capitalist system, having devoted his efforts primarily to demystifying the capitalist mode of production. Thus his observations concerning international trade in *Capital* are in the nature of brief digressions "in passing." Nevertheless, we shall see that, as is often the case with Marx, these observations are very valuable. After Marx, Marxist thought became ossified. Later, with the birth of the Soviet state, a scientific analysis of the world system was liable to be embarrassing for the politics of that state. Furthermore, the workers' movement in the developed West became part of the "establishment" and tended to adopt paternalist imperialist attitudes and, in particular on the ideological plane, to view the socialist transformation of the world as its own exclusive responsibility, with the oppressed peoples receiving socialism "as a present."⁵ The

theory of comparative advantage then proves useful, since it is tautological: it makes it possible to "justify" the international order and, among other things, the insertion of the new state into this order, as well as paternalism toward the periphery. This is why Emmanuel's argument can be regarded as a path in the wilderness.

It is important to note that Emmanuel's criticism of the conventional theory of international trade is today generally accepted by Marxists. Bettelheim and Palloix recognize Emmanuel's contribution in this connection: he highlighted the deficiencies and the "illusory" nature of classical (Ricardian) theory and neoclassical (marginalist, though still Ricardian) theory of international trade. In particular, Emmanuel showed "that with the immobility of factors there was a reversal . . . it was no longer the production conditions which determined trade, but trade which determined production." As Emmanuel says, it is this "reversal," "this denial of the labor theory of value," which explains why the marginalists, who rejected Ricardo, retained his theory of international trade.⁶

This criticism by Emmanuel is the same as the criticism I made as early as 1957. And we shall further see that on many important points our analyses converge. However, Emmanuel went further. By stressing the immobility of factors, Emmanuel actually goes beyond the criticism; he lays the foundations of a positive theory, because for the first time he characterizes the international system in a way which is to prove particularly fruitful: international mobility of commodities and capital, immobility of labor. We have already pointed out that this was a new abstraction and that Bukharin in 1917 did not see this characterization,⁷ nor did Lenin, despite the importance of *Imperialism, the Highest Stage of Capitalism*.

I think that this abstract characterization is basically correct, and that it is Emmanuel's essential contribution. It is a fundamental contribution because, as we shall see, if we reject it we are simultaneously rejecting the idea of unequal exchange. In this respect Emmanuel certainly does not deserve to be called a "precritical economist," as Bettelheim calls him in the preface to *Unequal Exchange*. However, this hastily applied adjective de-

serves reflection and, having criticized (or accepted the criticism of) "comparative advantage," we may have to keep it because we do not know what to replace it with. For after all, where is the "Marxist theory" of international trade?

The reason the debate following the publication of *Unequal Exchange* was so confused and so unfair to Emmanuel is that unfortunately he stopped at the threshold of the real problem, although he had been the first to formulate it clearly. This real problem, which stems from the correct characterization of the international system, is that of international values. Emmanuel stopped at the threshold of the problem because the question of international values is merely that of the domination of the capitalist mode of production over the others, that of the specific nature of the peripheral capitalist mode with respect to the central one. Yet Emmanuel does not deal with any of these essential questions (which are the main subject of my own work); hence his hasty, sometimes even mistaken, conclusions, from which his opponents have drawn too facile arguments, but have themselves really remained at the "precritical" stage.

In my view the confusion stems from the inadequate analysis of the theoretical status of the value of labor power in the capitalist mode of production. Neither Emmanuel nor his critics have properly solved this problem. I hope that on this point I have already helped advance the debate, and hope here to cover a further stage.⁸

Thus the confusion stems from the fact that, on this essential point, Emmanuel expresses himself in empiricist terms, calling the wage an "independent variable." As we shall see, this formulation reveals a theoretical error, because there is no "independent variable" in the capitalist mode of production. The very search for unilateral causalities between "independent variables" and "dependent variables" is characteristic of mechanistic economism and is diametrically opposed to the dialectical method where the whole, i.e., the reproduction of the conditions of the mode of production, determines the parts, i.e., the "variables."

But although Emmanuel was here venturing into a formalistic blind alley, his opponents were making no progress either. They confined themselves to repeating that the wage was not "inde-

pendent" but "dependent" on "productivity." This is, of course, a hollow marginalist formulation. For the question immediately arises: at what level is the "productivity" in question located?

Are we making real progress when we replace the term "productivity," which is of marginalist origin, with the Marxist term "level of development of the productive forces"? To say that the wage depends on the level of development of the productive forces is only a partly correct, and too general, answer. First, the verb "depend" itself always betrays the absence of true dialectical thinking. We shall see later how to formulate correctly the dialectic between the objective forces and the subjective forces. Second, the whole question remains as to on what level the development of productive forces takes place: the enterprise, the branch, the nation, or the world.

2. Emmanuel's contribution: the preeminence of world values

Emmanuel considers that his main discovery is that wages are the independent variable of the system.⁹ I believe, however, that the essential contribution of his theory lies in its assertion of the preeminence of world (international) values. Emmanuel places his argument in a context in which the production activities of the international partners are governed by the laws of the capitalist mode of production. It is indeed clear that the categories of rate of surplus value and profit, of capital, and of value of labor power relate to this mode of production. He assumes that all products of the capitalist mode are international commodities, that capital is mobile while labor is not. Furthermore, he considers that the products exchanged have irreducible use-values, i.e., that they are specific products such as automobiles and coffee. This latter observation is essential, and it is precisely on this point that I part company with the author of *Unequal Exchange*.

Of course, one cannot compare "productivities" between two enterprises (or two branches) which produce irreducible use-values. Emmanuel is quite right when he replies to his opponents who compare productivity in a coffee plantation with that in an automobile factory (saying, of course, that the latter is higher than

the former, and thereby justifying the differences in the level of wages): they completely ignore the Marxist theory of value, they argue within the marginalist framework which is entirely tautological—the "productivities" are different . . . because the remunerations to labor are different."¹⁰ Emmanuel emphasizes that "between different branches, the productivity of labor is incommensurable and the argument on the difference between national and international values is meaningless."¹¹

Within Emmanuel's context, in which the capitalist mode governs the specific activities of the partners, capital mobility shows a tendency toward equalizing the profit rate throughout the world while remuneration to labor, which is immobile, varies from one country to another according to historical conditions. Hence the transformation of international values (the only meaningful ones) into international prices (again the only meaningful ones) implies the transfer of value from some nations to others.

Since all products are international commodities, the same quantity of labor used up in different parts of the world and incorporated in the products also gives rise to a single world value, although labor power is not an international commodity since it does not move beyond national boundaries.¹² Emmanuel is quite right in stressing this point—the labor-hour of the African proletarian is equal to that of the European proletarian since the product of the labor of either one is international goods. In reply to Palloix, who is surprised at the comparison of the value generated by an hour of labor in the two places, Emmanuel says, "How does one compare an hour of African labor with that of a Detroit worker? Well, in the same way that one labor-hour of a Detroit worker is compared with the labor-hour of a New York barber."¹³

It is obvious that if the labor-hour in all countries creates the same value while the labor power in one of the countries has a lower value (that is, the real wage is lower), the rate of surplus value is necessarily higher. Wage goods which represent the real counterparts of the value of labor power are in fact also international goods with an international value. If the labor-day is the same in countries A and B (eight hours, for example) and the real wage of the proletariat is ten times higher in B (real wage in B equivalent to ten kilograms of wheat per day as against only one kilogram in A), and if world output of wheat (where wheat produc-

tivity is highest) is ten kilograms in four hours, the rate of surplus value in B will be 100 percent (four hours of necessary labor and four hours of surplus labor) while it will be 1900 percent in A (twenty-four minutes of necessary labor and seven hours and thirty-six minutes of surplus labor). This reasoning does not call for a comparison between the productivities of the two capitalist productions in which A and B specialize; it is meaningless to do so.

On these assumptions, Emmanuel distinguishes between two types of unequal exchange.¹⁴ In the first, the rates of surplus value are identical (hence real wages are also the same), but different countries specialize in branches of production having different organic compositions. Here the transfer of value is no different from that within a national system, and since such transfers are inherent in the capitalist mode, Emmanuel does not waste time on these "commonplace" cases. In the second type, the rates of surplus value are different and the transfer of value takes place not as a result of different organic compositions but because of the immobility of labor, which enables real wages to vary. This is the real case of unequal exchange.

The question of whether it is still possible to talk of unequal exchange when one of the partners involved is not governed by the capitalist mode of production will be raised below, at which point I shall examine whether the assumption of irreducible use-values widens or narrows the problem of international trade. At this stage, I simply want to show that the assertion of the preeminence of international values is the very essence of the theory in question.

Emmanuel's critics have clearly noted this. Palloix asks, "Is there an international value which is the basis of world prices, in the same way as there is a national value? Emmanuel assumes that the world is the only reality. On the contrary, it seems that the only reality is the existence of economic blocs: United States, Europe, Asia, Latin America. . . ." And Bettelheim writes:

Within every national capitalist social formation, the law of value ensures the extended reproduction of the material conditions of production, the specific form of domination by the capitalist mode over the other modes . . . a given level of wages. In the capitalist world market, the law of value guarantees the extended reproduction of the

material conditions of world production, the specific forms of domination/subordination of the different social formations, the unequal rates of development. . . . The level of wages peculiar to each social formation cannot be determined by the world level of development of productive forces; in fact, it is basically related to the specific combination of productive forces/production relations peculiar to each social formation.¹⁵

This position nullifies the question to be solved. If we follow Bettelheim in accepting that wages are autonomously determined in each social formation, we can no longer have a theory of international trade. We must then accept Ricardo's theory of comparative advantages, i.e., make an exception to the labor theory of value. It becomes impossible to speak of the effects of the law of value at the world level. This is no longer meaningful and we can no longer speak of international commodities. In the last analysis, alphabetical position means regarding the world system as a juxtaposition of national systems. Each of the latter being autonomous, it is clear that their trade relations cannot be analyzed in objective terms but must be seen in terms of subjective theory, which can here be applied as opposed to the national context which is governed by objective value.¹⁶

This position was certainly not one adopted by either Marx or Lenin. In fact, Marx considered that the import of American wheat in England in the nineteenth century lowered the value of labor power in that country. Hence, he already regarded "subsistence foods" (corn) as international goods. Precisely for this reason, Marx considered that the development level of world productive forces, which made it possible to obtain wheat more cheaply in the New World, determined the wage and the rate of surplus value in England. Similarly, Lenin upheld the preeminence of the world system: this is reflected in his praise for Bukharin's work, as I have already mentioned. Bukharin's shortcoming was not that he gave preeminence to the world system, but that he made the mistake of characterizing this system, like the capitalist mode of production, by the triple international mobility of goods, capital, and labor ("the tendency toward the equalization of the wage rate"). In other words, Bukharin regarded the world system as an extension of the capitalist mode

of production on a world scale: hence its tendency to uniformity.

The preeminence of world values therefore constitutes the very essence, the core of the affirmation of the unity of the world system, the condition for this unity. I suggest that the adjective *international*, derived from "the economic theory of international trade," is inappropriate, and should be replaced with the word *world*. Is this a distorting simplification of the actual reality? I do not think so. Is it not true that the quantity of Congolese products exported or imported is more than 30 percent of that produced for the domestic market as against 20 percent in Germany and 5 percent in the United States? This is indeed a very poor accountant's view of things. In such a view, it is this 30 percent which controls everything in the Congo, day-to-day life and "major politics," ideologies and class struggle. And it is the "problems" related to Germany's 20 percent and the United States' 5 percent which put a stop to American domination and completely upsets an international order which has marked twenty-five years of contemporary history.

Unity has never been synonymous with homogeneity; diversity and inequality exist within the unity of the world. Things seem to be clearcut at the center of the world capitalist system: social formations are close to the pure capitalist mode of production. At its periphery, the preeminence of world values is overshadowed by the apparently heterogeneous nature of social formations—only apparently, since here again, there is no juxtaposition of the capitalist mode and the precapitalist modes. The crux of the problem is to understand the meaning of the domination by the capitalist mode over the other modes, the domination being the basis of this unity. But this analysis does not derive from "economics," rather from historical materialism. It is through the alliances among classes peculiar to each formation and to the world system that this integration within the unity of the world takes place.

It is too often forgotten that capital is both social and individual (split up).¹⁷ We too often confine ourselves to looking for the capitalist relation at the "microeconomic" level, that of the firm. Although this relation almost always appears obvious in central capitalism, the same is not true in peripheral capitalism. Here, for example, the petty commodity production mode may appear to be

integrated within the capitalist market, but in reality capital dominates the direct producer. The latter is not a petty commodity producer and it is not the law of value in its simple form which determines the price of his product. In fact, he is very like the cottage industry proletarian as he formerly existed in Europe; that is, exploited by capital to which, in fact, he sold his labor power rather than his product. Here, the failure to see that it is the sale of labor power which gears the system is a failure to understand the unity of the world system, and to substitute a juxtaposition of various modes of production loosely linked with one another, hence, to retain a vision of "dualism."

Perhaps the reason for this persistent "dualistic" vision, to which I contrast the unity of the world system, is that this unity is very recent. It is true that the roots of the world system go back to the beginning of mercantilism, four centuries ago; it is true that the system's contribution was accelerated twofold by imperialism as from the end of the last century. However, the process of transformation of the relations between the capitalist mode and the other modes of production (which were originally "periodic" and "marginal") upon the emergence of relations of domination is a process which is at first slow but which recently has quickened its pace. This process has radically altered the noncapitalist modes and has reduced them to a simple form, a "shell" whose content has since become a relation of the sale of labor power. It is possible that in the 1930s the producers at the periphery were still largely small commodity producers, but I am convinced that this is no longer the case and that today they are mostly proletarianized and sellers (although indirectly) of their labor power. A thousand social facts prove it every day. Important errors of political strategy arise from this inconsistency between the present reality and a view still based on the reality of yesterday.¹⁸

3. The wage is not an "independent variable"

The very notion of an "independent variable" seems meaningless: the search for one reveals a mechanistic, linear methodology according to which the whole is merely the sum of its parts. From

this point of view, that of the conventional economist, the economic system seems to be made up of parts (the "variables") related by interdependent links (the "economic functions" of production and consumption). To get out of this vicious circle, it is necessary to declare arbitrarily that one of these variables is "independent," or "primary."¹⁹

Walras' system of general equilibrium typifies the model representing this concept, in which the whole is equal to the sum of its parts. I have shown that traditional economics found only one way out of the absurd situation in which it had placed itself: the quantity theory of money. I have also shown that the so-called rationality of the economic calculus was based on the same linear and mechanistic philosophy: in order to discover that the decisions of the elementary units of production and consumption (the parts) come together to form a consistent and "optimal" whole, it must be assumed that the demands are given (hence "independent variables"). These demands therefore determine the set of relative prices on which producers and consumers base their behavior. Hence it is not surprising that the decisions based on "profitability" give rise not to "optimality" but to the more prosaic reproduction of the system: a distribution of income which ensures the demands in question.

This whole methodology is entirely foreign to Marxism, according to which the whole comes before its parts, these being meaningful only in relation to the whole. The social system (the production mode, the social classes it gives rise to) is prior to its component parts (prices, incomes, demands, etc.). The operation of the system must be analyzed in terms of the global mode of reproduction of the system, and of its negation. This is why the real situation cannot be understood merely by studying the phenomena (the interconnected parts of the whole); we must go further, to the very essence (in fact, the whole).

We can now see that Emmanuel speaks of an "independent variable" simply because he remains at the level of the phenomena. He himself openly declares it and, like Sraffa, chooses to remain within the framework of the system of production prices whereby "the only quantity we can cling to is the wage, which is the first deduction to be made from the social

product, profit being only a residue. If this quantity is missing, if wage is not given, if it is not an independent variable, then the problem of value on an objectivist basis becomes insoluble and it is not possible to determine any abstract equilibrium price (of production).²⁰

Emmanuel believes he can justify this description of the wage by asserting that production prices are not obtained on the basis of the phenomena but from some source other than value, the problem of "transformation" being, according to him, insoluble. I shall retire to this related question of "transformation."

Sraffa obviously does not have these difficulties.²¹ From the start, he adopts the system of interdependence of the parts—wage, profit rate, and relative prices—within his system. Sraffa's formulation is nonetheless important since it puts an end to the "scientific" claims of marginalism by showing its tautological nature.

Oscar Braun and Jagdish Saigal have applied Sraffa's analysis to the international field,²² making a decisive contribution to the understanding of the mechanism of unequal exchange and international transfers (I do not mean "of value," as we shall see). Their models have the same assumptions as Emmanuel's, namely, the capitalist mode of production among the partners (without which the concepts of wage and profit are meaningless), the international nature of goods, the mobility of capital (equalization of the profit rate), and the immobility of labor (wage differences).

Oscar Braun's model has the great advantage of having been the first systematic analysis of the interdependent relation between wage differentials and international price ratios. It contains no more assumptions than that of Emmanuel: partners' specialization in specific products (whose use-values are irreducible) for whose production the technologies are already given. However, Braun reverses the order of causality: unlike Emmanuel who says that wage differentials determine the structure of international prices, he asserts that it is prices which constitute the "prime variable." Braun's arguments are cogent. The "discriminatory practices" based on the center's monopoly in matters of capital equipment and technology, the nonsubstitutability between the imports and exports of the periphery, the perverse nature of the

export offer curve of the periphery, i.e., the constraint to produce more when prices fall since the equilibrium of the balance of payments must be maintained at a level where imports cannot be reduced—all these are obvious facts. However, these hard facts again relate to the question of the phenomena, in this case, the economic policies of the countries. This analysis leads Braun to believe that he can answer the question he raised: Which is the prime variable, wages or international prices? But is the question itself not superficial? The method itself, based on interdependence, leaves no choice but to deal with the isolated phenomena and thereby bears the risk of asking false questions. To ask the true question, which is not the present one, we must go back to the essence.

As for Saigal's model, it has the obvious advantage of examining various assumptions concerning production functions (technologies, hence comparative productivities, in the same sectors, obviously). Starting with the model based on values and turning it into a model based on prices (with the assumption of equal profit rate in all branches), Saigal illustrates our definition of unequal exchange, as we shall see later.

Therefore Emmanuel simply evades the question of the theoretical status of the value of labor power. As Palloix put it in his critique, this means that "wage is left out of economic analysis." This is the meaning which Emmanuel places on Marx's considerations regarding the "historical and moral element" which enters into the determination of the value of labor power. In formal logic, in a system of generalized interdependence along the lines taken by Sraffa, real wage can be "anything" (of course, less than the net product, a necessary condition for profit rate to be positive), the other variables adjusting themselves accordingly.

I question this arbitrary nature of the wage and here agree with Bettelheim, who pointed out in his preface to Emmanuel's book that "the wage is not an independent variable but is the value of labor power." Wage (the value of labor power) and the development level of the productive forces are closely related to one another. I shall therefore present an alternative formulation of this relation, at the level of the capitalist mode of production and at that of the international capitalist system.

4. The theoretical status of the value of labor power within the capitalist mode of production

The problem of international trade cannot be properly studied on the basis of the direct relations, i.e., those of exchange. We must instead go back to the very essence, i.e., the production process, the sale of labor power. This takes place in different ways in the central and in the peripheral formations, precisely because of the complex nature of the latter (the domination of the capitalist mode over other modes).

However, the discussion concerning unequal exchange has shown how far the formation of the value of labor power in the "pure" capitalist mode has been misunderstood. In Marx, this formation is analyzed, like the rest, in terms of a dialectic between the objective forces (the laws of accumulation) and the subjective forces (class struggle). This dialectic has been gradually replaced among some authors, by a "simple" unilateral view, revealing the extent to which the mechanistic bourgeois philosophy is rooted in people's minds. Some—like Emmanuel—consider only the subjective forces and, in this context, the wage becomes "anything," an "independent variable." His critics have equally unilaterally affirmed the preeminence of the objective factor. This simplification has necessarily led them into erroneous formulations of the objective aspect of the dialectical relation; the "wage-productivity" relation, badly formulated in this way, takes us right back to mechanistic economism.

Returning to this fundamental question, we must first understand the mechanism of this objective aspect. We shall see that this first presentation, still unilateral although it may appear to be precise, has serious limitations, which can only be overcome by reestablishing the dialectic between the objective and subjective forces. Moreover, the reestablishment of this dialectic disengages us from "economic theory," taking us to the level of reality, that is, historical materialism.

Is this method of exposition a "dangerous" one? Yes, it is for those who are not receptive to the dialectic and always substitute linear causality for it. However, this method of exposition is that of Marx himself: in volume 1 of *Capital*, he deals with the "sub-

jective" aspect (the moral and historical element); in volume 2, he uses a model of accumulation which highlights the "objective" aspect. Marx's critics, unreceptive to the dialectic, have always found a "contradiction" in it. And since to them contradiction is the opposite of reason, they reject Marx. To me, the contradiction lies within the reality, in everyday life. This is precisely why it cannot be overcome within the narrow framework of "economic theory," which is linear and mechanistic, but only by integrating theory into historical materialism. This integration, which Marx makes as a matter of course, has never been achieved by non-Marxist social sciences which therefore remain forever saddled with the problems of "pluridisciplinarity." In order to bring out the characteristics of the "objective" aspect, therefore, we shall use a linear method, that of the "model," the limitations of which we shall see quite clearly.

I have asserted elsewhere that the wage level depends on, among other things, objective forces—the development level of productive forces. The reproduction models in volume 2 of *Capital* describe the nature of this objective relation within the framework of the capitalist mode of production—defined by its rate of surplus value and the division of its productive forces between two Departments—I (capital goods production) and II (consumer goods production). (That the nature of the models has not been sufficiently understood is proved by the later debates on "markets"—Rosa Luxemburg, Tugan Baranovsky²³—or on some aspects of the falling rate of profit, a related question which will be examined further on.) I will also retain the value terms which characterize these models rather than expressing the conditions of dynamic equilibrium directly in production prices. The models based on prices add nothing essential to what is already contained in the models worked out in value terms; on the other hand, they hide some essential aspects of the nature of the system.

The relation can be expressed in terms of physical quantities:

$$\text{Department I} \quad 1e + 4h \rightarrow 3e$$

$$\text{Department II} \quad 1e + 4h \rightarrow 6c$$

Constant capital inputs are given directly in capital goods units e , direct labor inputs in hours h ; outputs are given in capital goods units e for Department I and in consumption units c for Depart-

ment II. In this example, it will be noted that the organic composition is the same in both Departments.

It is assumed that the product of labor is shared between the proletarian and the capitalist in identical proportions in the two Departments (identical rates of surplus value). It is also assumed that wages constitute the sole source of demand for consumer goods c , i.e., that the purchasing power incorporated in the remuneration of labor enables the entire output of Department II to be absorbed during each successive phase described. On the other hand, the surplus value is "saved" in toto, in order to finance gross investment (replacement and additions), i.e., the purchasing power incorporated in the surplus value generated during one phase enables the installation of the capital goods necessary to maintain the dynamic equilibrium of the next phase.

As to dynamic equilibrium, we define the progress achieved between one phase and the next by the rate of increase of labor productivity (the output divided by the input of direct labor). For example, if productivity in each Department doubles between one phase and the next, the technology for phase 2 will be given as follows:

$$\text{Department I} \quad 2e + 4h \rightarrow 6e$$

$$\text{Department II} \quad 2e + 4h \rightarrow 12c$$

The same quantity of direct labor utilizes twice the quantity of capital goods, raw materials, etc., to produce a doubled output. The physical organic compositions are doubled.

How, under these conditions, can equilibrium be maintained from one phase to the next? Let us assume that the quantity of labor available in the society (120h) and available stock of capital goods (30e) are given from the outset. Their distribution between the two Departments, the rate of surplus value and the rate of growth (the surplus production in I over replacement needs) are simultaneously interdependent. For example, we have:

Phase 1	Capital equipment		Necessary labor		Surplus labor		Output
Department I	20e	+	40h	+	40h	→	60e
Department II	10e	+	20h	+	20h	→	60c
Total	30e				120h		

jective" aspect (the moral and historical element); in volume 2, he uses a model of accumulation which highlights the "objective" aspect. Marx's critics, unreceptive to the dialectic, have always found a "contradiction" in it. And since to them contradiction is the opposite of reason, they reject Marx. To me, the contradiction lies within the reality, in everyday life. This is precisely why it cannot be overcome within the narrow framework of "economic theory," which is linear and mechanistic, but only by integrating theory into historical materialism. This integration, which Marx makes as a matter of course, has never been achieved by non-Marxist social sciences which therefore remain forever saddled with the problems of "pluridisciplinarity." In order to bring out the characteristics of the "objective" aspect, therefore, we shall use a linear method, that of the "model," the limitations of which we shall see quite clearly.

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The relation can be expressed in terms of physical quantities:

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$$\begin{array}{l} \text{Department I} \quad 2e + 4h \rightarrow 6e \\ \text{Department II} \quad 2e + 4h \rightarrow 12c \end{array}$$

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Phase I	Capital equipment		Necessary labor		Surplus labor		Output
Department I	20e	+	40h	+	40h	→	60e
Department II	10e	+	20h	+	20h	→	60c
Total	30e				120h		

Here, the output of I during phase I is twice what is necessary to replace the capital equipment and makes it possible to obtain during phase 2 an output which is itself doubled. We verify that the proportions $2/3-1/3$ which represent the distribution of the productive forces between I and II and a surplus value rate of 100 percent, i.e., unchanged (hence double real wages), are the conditions of dynamic equilibrium, where phase 2 is expressed in the following way:

Phase 2	Capital equipment		Necessary labor		Surplus labor		Output
Department I	40 e	+	40 h	+	40h	→	120 e
Department II	20 e	+	20 h	+	20h	→	120 c
	60 e				120 h		

Note that the purchasing power incorporated in the wages corresponding to 120 hours of labor (of which 60h is necessary labor) should make it possible to purchase 60c during phase 1 and 120c during phase 2, i.e., that real wage should double in the same way as labor productivity. Capital equipment output being doubled between one phase and the next finds an outlet in the following phase. We note that the rate of increase of available capital equipment governs the total quantity of labor used and not the reverse. This is a very important point: the accumulation of capital governs employment and not the reverse (as claimed by bourgeois economics in general and marginalism in particular). Here, by the very choice of assumptions, the volume of employment remains unchanged from one period to another. Under the assumption of an increase in the working population, for instance, a natural increase, the rate of accumulation does not make full employment possible.

This very simple model illustrates the nature of the objective relation between the value of labor power and the development level of the productive forces in the capitalist mode of production. Nothing is gained by using a common denominator (values and wages) so as to be able to add up the inputs, by substituting prices for values in the computation (equalization of the profit rate

which is, here in any case, equal to the rate of surplus value, the organic compositions being the same in both Departments), or by introducing more complicated assumptions: different organic compositions and/or different increases in productivity in the two Departments.

The conditions of equilibrium, for example can obviously be expressed in homogeneous terms. Assuming the price of unit c to be $1F$, that of e , $2F$, and the wage rate per hour $0.50F$, the surplus value (here equal to the profit) being obtained as the difference, we have the situation shown in phase 1, page 200. For the following phase, if the money wage rate remains the same, the prices of the products are reduced by half, productivity having doubled (see phase 2, page 200). Note that there is no difficulty of absorption. For the absorption of consumer goods, the wages paid in each phase ($60F$) make it possible to purchase the entire output of Department II in the same phase: in the first phase, $60c$ at $1F$ per unit; in the second phase, $120c$ at $0.50F$ per unit.

To capitalize the surplus value, there must necessarily be a system of credit between one phase and the next. The surplus value generated during phase 1 can only be capitalized in the following phase. If the credit system allows the capitalists an advance of $60F$, i.e., the amount of the surplus value generated during phase 1, this advance would enable them to purchase the $60e$ at the beginning of phase 2, at the equilibrium prices ruling during that phase. At that price they would obtain during phase 2 a surplus value of $60F$ which they would have to put in for a new advance of $60F$ which would enable them to purchase $120e$ at the equilibrium price prevailing in phase 3 ($0.50F$ per unit), and so on. (This takes us back to my previous argument concerning the role of credit in the "question of markets," in reply to Rosa Luxemburg's arguments.²⁴) It is obvious that one can also argue in terms of constant prices of the products while money wages increase at the same rate as productivity.

Saigal uses this model but converts it in terms of production prices (equal profit rates between one Department and the other and proportional to capital equipment). If the organic compositions are different between one Department and the other, equilibrium will require a different distribution of the productive

Phase	Capital equipment	Wages	Surplus value	Output
Phase 1				
Department I	$20e \times 2 = 40F$	$80h \times 0.5 = 40F$	40F	$60e \times 2 = 120F$
Department II	$10e \times 2 = 20F$	$40h \times 0.5 = 20F$	20F	$60c \times 1 = 60F$
Total	60F	60F	60F	180F
Phase 2				
Department I	$40e \times 1 = 40F$	$80h \times 0.5 = 40F$	40F	$120e \times 1 = 120F$
Department II	$20e \times 1 = 20F$	$40h \times 0.5 = 20F$	20F	$120c \times 0.5 = 60F$
Total	60F	60F	60F	180F

forces between I and II, since the profit rate will be different from that of surplus value. This presents the same difficulties arising from "transformation," but the logic of the relation remains expressed at the level of the immediate phenomena.

Before approaching the third series of problems, those concerning the effects of more complex assumptions with regard to organic compositions and productivities, we must examine the possibility of finding a solution to the problem of dynamic equilibrium in the most simple case, when real wages do not increase at the same rate as productivities, for example, when real wage per hour remains stagnant. There are only two sets of mathematical solutions to the problem: an absurd one corresponding to Tugan Baranowsky's "roundabout" approach, and a realistic one, introducing the consumption of the surplus value.

Joining in the debates concerning markets and the trade cycle, as early as the beginning of the century, Tugan Baranowsky considered a succession of phases in dynamic equilibrium in spite of stagnation in real hourly wages in *The Industrial Crises in England*, published in Germany in 1901. The additional equipment produced in the course of each phase, and in increasing quantity as a result of increased productivity, is allocated to Department I in the following phase in order to produce other equipment, capital, and so on indefinitely, while Department II only expands insofar as the use of the additional equipment requires a quantitative increase in labor, since the hourly wage rate remains unchanged. In the next example, where productivity doubles from one phase to the next in each of the two Departments, we have:

	Capital equipment	Necessary labor	Surplus labor	Output
Phase 2				
Department I	50e +	100h	(25h, 75h)	→ 150e
Department II	10e +	20h	(5h, 15h)	→ 60c
Total	60e	120h	(30h, 90h)	
Phase 3				
Department I	137.5e +	137.5h	(17.5h, 120h)	→ 412.5e
Department II	12.5e +	12.5h	(1.5h, 11h)	→ 75.0c
Total	150.0e	150.0h	(19.0h, 131h)	

The utilization of 60e produced in the course of phase 1 requires 120h of direct labor during phase 2. The labor, with its real wage rate unchanged, is able to purchase 60c, which require only 10e and 20h of direct labor. The remaining equipment (50e) will enable 150e to be produced. This equipment will require in phase 3 an extra labor of 150h, which combine to produce an output in Department II of 75c (which only requires 12.5e and 12.5h). Equilibrium is achieved from one phase to the next in spite of the stagnation in the real hourly wage combined with the growth in productivity (with a doubling in each Department from one phase to the next—both in labor productivity and in the physical organic composition). Equilibrium is obtained through a distortion in the distribution of the productive forces in favor of Department I and the increase in the rate of surplus value, as follows:

	Phase 1	Phase 2	Phase 3
Organic composition (Index)	30e/120h 100	60e/120h 200	150e/150h 300
Productivity in Department I (Index)	60c/80h 100	150e/100h 200	412.5e/137.5h 300
Productivity in Department II (Index)	60c/40h 100	60c/20h 200	75c/12.5h 400
Distribution I/I + II	2/3	5/6	0.91
Rate of surplus value (percent)	100	300	690

This "roundabout" solution is absurd since the balance between consumption and capital equipment must be obtained from one phase to the next and cannot be indefinitely postponed. If each phase corresponds to the life of the capital equipment, this period coincides exactly with the "planning" period for investment decisions. Capital goods will be produced in the course of one phase only if in the following phase the output of consumer goods which they bring about finds an outlet. Thus, in fact, if

hourly wages are stagnant, there will be an overproduction crisis as from phase 2, with the equipment produced in phase 1 remaining unused, while that proportion of it which does get used will only give rise to a reduced demand for labor. This is the Keynesian problem and the source of the great depression: the system has broken down (available equipment and unemployment) and can only be started up again by a rise in wages.

The absurd part of it can be avoided if the surplus value is consumed. In our very simple scheme, the surplus value is "saved" in toto; but if we assume that a constant proportion of it is consumed, there will be no change in the nature of the equilibria. Hence, if real hourly wages remain stagnant or increase at a lower rate than productivity, an increasing proportion of the surplus value must be consumed in order to maintain a dynamic equilibrium. There are three theoretical possibilities to satisfy this requirement, which we shall examine further on in relation to the question of the dialectic between objective and subjective forces in determining the value of labor power.

We can now remove the provisos concerning organic compositions and productivities. The assumption of different organic compositions in the two Departments does not alter the results. Assume, for example, for phase 1:

Phase 1	Capital equipment	Necessary labor	Surplus labor	Output
Department I	20e	50h	30h	60e
Department II	10e	50h	30h	100c
Total	30e		160h	

Equilibrium is achieved with an hourly wage of $5/8F$, $e = 2F$ and $c = 1F$. The rate of surplus value is 60 percent. If productivity doubles in each of the two Departments, the equilibrium in phase 2 will require the same rate of surplus value, hence a real wage which is doubled ($w = 5/8F$, $e = 1F$, $c = 0.50F$).

Phase 2	Capital equipment	Necessary labor	Surplus labor	Output
Department I	40e	50h	30h	120e
Department II	20e	50h	30h	200c

Note that the organic compositions in value terms remain unchanged although they still differ from one Department to another (50/40 for Department I in each of the two phases and 50/20 for Department II). Thus my criticism of Tugan Baranowsky's "roundabout" solution is also valid here.

We must now examine the assumption of a different growth of productivity between one Department and the other. Let us assume that technology enables productivity in Department II to double from one phase to the next while that of Department I only increases by 1.5:

Department I	Phase 1	$1e + 4h = 5e$
	Phase 2	$1e + 3h = 5e$
Department II	Phase 1	$1e + 4h = 6c$
	Phase 2	$1e + 2h = 6c$

It will be seen that dynamic equilibrium is achieved when, for example:

Phase 1

Department I	40e	+	160h	(40h, 120h)	=	200e
Department II	10e	+	40h	(10h, 30h)	=	60c
Total	50e		200h	(50h, 150h)		

Phase 2

Department I	160e	+	480h	(94h, 386h)	=	800e
Department II	40e	+	80h	(16h, 64h)	=	240c
Total	200e		560h	(110h, 450h)		

where the unit price of equipment is $e_1 = 1$ and $e_2 = 3/4$, that of consumer goods is $c_1 = 5/6$ and $c_2 = 11/24$, and hourly money wage is $w_1 = 1/4$ and $w_2 = 11/56$.

Generally speaking, as soon as an improvement takes place in Department I or II or both, the real hourly wage must increase in a proportion which is a combination of the productivity growth

rates in Departments I and II. As regards the surplus value rate and organic compositions, they vary according to whether this productivity growth is faster in one Department than in the other. A detailed proof of these conclusions is presented in the appendix.

5. The dialectic between objective and subjective forces in determining the wage in the capitalist mode of production

The scheme developed above illustrates the fact that dynamic equilibrium in the pure capitalist mode of production brings into an objectively necessary relation, on the one hand, the value of labor power (rate of surplus value and real hourly wage), and on the other, the organic compositions in each Department and the improvements in productivity between one phase and the next. The obvious condition which the system requires for this relation to manifest itself is the total mobility of capital and labor from one industry to another and hence from one region to another, that is, the completion of the proletarianization process which is implicit in the assumption of the "pure" capitalist mode.²⁵

Having forgotten this necessary objective relation, Emmanuel committed the error of separating the wage from the level of development of the productive forces and of turning it into an "independent variable." In order to determine the level of this "variable," forces other than those which govern accumulation must be brought into operation: for example, some sort of law of population such as Ricardo, Malthus, or Lassalle devised and which was severely criticized by Marx. Or else, it can be decided that this level is "conventional," i.e., that it results from the autonomous social and political equilibrium, the ruling social forces, there being no objective limits to it (other than the output ceiling, this is obvious): this is the interpretation given by Joan Robinson to one stage of her evolution²⁶ and by Emmanuel to the content of Marx's expression concerning the "historical and moral element" which intervenes in the value of labor power.

One reverts to economism by going so far as to assert that the

“objective level of equilibrium” is spontaneously obtained by the interplay of the economic laws of supply and demand. These mechanistic modes of expression characteristic of conventional economics are entirely foreign to Marxism. For the level of wages is determined through the class struggle (the subjective element) which takes place within a context governed by the conditions of accumulation (the objective element). The spontaneous tendency of the system is in fact to lower the level of wages, to maximize the rate of surplus value which is the condition for maximizing the profit rate. I pointed out in *Unequal Development* that the dialectic between subjective and objective forces was, for one century, reflected in the cyclical movement while, since the Second World War, conditions have emerged at the center for this movement to be controlled through a “social contract” of a social-democratic nature.²⁷

The economistic error leads to the ideology of universal harmonies, to idealization of historical solutions which capitalism has in the past found and still finds for its fundamental contradiction; it also leads to these solutions being regarded as the only possible ones. In fact, we have seen that if the real wage does not rise with increased production, the system can find a solution in the consumption of surplus value.

The first “solution”—the individual consumption of an increasing proportion of the surplus value by the capitalist—is not “normal” since competition between capitalists requires “savings” and the ideology of the system, which reflects the basic features of the capitalist mode, is opposed to it. However, we shall see that in the peripheral capitalist mode, this solution to the problem of markets is a real fact. In England throughout the first sixty-five years of the last century and in Japan up through the Second World War, internal disequilibrium was counteracted by expansion abroad. In the present-day periphery, with expansion forbidden or very restricted, absorption takes place by means of a prodigious growth of consumption by the capitalists. This is made possible, for reasons which we shall examine, by the specific nature of the peripheral mode in contrast with the central mode—the dual aspect of modern technologies (with high productivities) and low wages, conditioned by the maintenance of pre-

capitalist dominated modes (and the class alliances which it presupposes), and technological dependency which frees the local bourgeoisie from the exigencies of competition. Once more, I stress that these are the conditions which enable us to understand the specific nature of the peripheral mode of reproduction as such—reproduction of conditions of low wages and of dependency on central capital.

The second “solution” is one discovered by the central system itself in order to overcome its contradictions. We have repeated that there were no “insurmountable” contradictions—the theory of catastrophic collapse, of “general crisis”, etc.—but only different alternatives to overcome them: those of capitalism which maintain the essential features of the system and those of socialism which supersede them right from the start. Monopolistic competition, the inclusion of “selling costs” in the price of the product, and the subsequent development of tertiary parasitism which were well described long ago by Chamberlin and Joan Robinson constitute, as Baran and Sweezy have said, the “spontaneous” solution of the system.²⁸ Falling within the same group of solutions, there are those which derive from the distortion of relative prices and the widespread dispersal of capital. Difficulties of absorption, in fact, give rise to price distortions. Capital, concentrated at one pole, is dispersed once again to the other pole in response to market conditions. Hence there is a continuous re-creation of conditions which cause new activities to become profitable, these activities perpetually giving rise to a “petty capitalism.” This is not a vestige of the past but the result of concentration itself. Within this petty capitalism (services, high class agriculture, etc.), individual capitalism also consumes a large part of its own profits.

The third “solution” involves direct intervention by the state in the absorption: public, civil, and military expenditure. Paul Baran’s²⁹ great intuition was to understand that henceforth the analysis of dynamic equilibrium could not be made within the framework of the “pure” two-sector model but within a new framework—with three sectors (the third sector in fact being the state, consumer of an increasing proportion of the surplus). This analysis, which corresponds to the reality, required the introduc-

tion of a concept wider than that of surplus value and directly linked with the productivity of productive labor. The concept is that of surplus.

Does the introduction of these "solutions," the third in particular, remove the objective status of labor power? The answer is yes, for those who regard this status from an economic point of view. But in actual fact, these "solutions" remind us only of the existence of a dialectic between subjective and objective forces; for state intervention must be placed within the context of class struggle which gives it its meaning.

Dialectic does not mean juxtaposition of autonomous elements. Class struggle in all its varied manifestations outlined here, does not "reveal" the objective necessities of equilibrium by a lucky chance. Class struggle modifies the objective conditions. The model, as the appendix makes clear, is necessarily unilateral, but the reality is not. The results of class struggle alter the conditions of the "model": they act upon the allocation of resources, the rates of growth of productivity J and P , etc. Objective conditions and subjective forces act and react upon one another.

A final remark: the preceding analysis of dynamic equilibrium did not contain assumptions regarding the trend of the profit rate. We will return to this question later, in relation to the stages of the evolution of the capitalist system and the related question of the falling rate of profit.

6. The remuneration of labor and its status in the world system: unequal exchange

We can now return to our starting point—the question of international values. If the world system were nothing more than a juxtaposition of autonomous national systems, each reduced to a pure capitalist mode of production, our analysis of the objective status of the value of labor power in relation to the level of development of national productive forces would suffice. Henceforth, the trade between nations will not be governed by the law of value. Ricardo's analysis—made in subjective terms—would

then be the only possible rationalization of international trade. I have noted in *Unequal Development* that the subjective theory of value can be applied in trade relations between autonomous pre-capitalist formations (the question of distant trade and its monopoly profits);³⁰ the same will apply to the contemporary world system.

This does not make sense precisely because this system is not a juxtaposition of autonomous national capitalist modes of production. The question of the status of the reward to labor in the system (both at the center and the periphery) must therefore be examined.

Let us return to Emmanuel. I share his view that goods being international, the problem of the value of labor power must be examined at the world level. But I do not agree with him that the productions exchanged on the world market are specific, that they have irreducible use-values. Furthermore, I do not share his opinion that the study of international trade can be contained within the framework of relations between national capitalist modes of production. Let us look at these two problems further.

Are the products exported by the periphery "specific"? The facts indicate that they are not. Most of the Third World exports are raw materials produced both at the center and at the periphery: crude oil is produced by the United States and the Arab countries, cotton in the United States and India, iron ore in Europe and Africa. Many of these raw materials are close substitutes for one another: tropical oilseeds and those from the temperate zones, natural fibers and rubber and their synthetic substitutes, tropical fruits and those of Europe. The truly "specific" products supplied by the periphery are few in number and represent only a small proportion of the trade of the Third World. I must also add that tea, coffee, and cocoa have substitutes, though these may not be as close as for the other products mentioned above. Broadly speaking, traditional economics has exaggerated the role of use-value. This is understandable—to base the economy on "consumer choice," an irreducible nature must be attributed to the use-values of the products which, in fact, are close substitutes. Yet we know how the capitalist producers manipulate demand and, depending on the strategies which they

want to use, impose one or another substitute. In the last resort, consumption is geared to production and not the reverse.

The point relating to "specificity" is important. Emmanuel and I have long argued with each other about trade, but we have remained on different wavelengths precisely because my assumption about the "specificity" of products has always been spontaneously—but too implicitly—the opposite of Emmanuel's. As far as I am concerned, the "specificity" of products was always a myth, the result of *commodity alienation*. Since I consider that the center and the periphery produce the same use-values, a comparison of the level of productive forces ("productivities") becomes necessary within the branches which produce the same use-values. To Emmanuel, this question did not arise; the result was that he could completely separate exchange from the production process.

I consider Emmanuel's view on this to be a mistake, and a serious one; it reveals a stance fundamentally opposed to Marx, an unawareness of the decisive importance of the first chapters of *Capital* in which the criticism of economics is based on a debunking of commodity alienation (commodity fetishism). This explains why, later, Emmanuel reverted to marginalism, as many others before him, on the question of "transformation," examined later. Because I believe that there is here an essential element which is not clearly understood by many "Marxists," I will try to clarify the misunderstanding.

Marx believed that production and consumption are also related dialectically: consumption *negates* production but they are both closely linked with one another at a *higher level of unity*. As is the case elsewhere, this unity is not symmetrical; in the last resort, production governs consumption. The method of marginalism rests on the reverse proposition: at the root, there are a variety of "human needs" which are potentially limitless; these needs can be satisfied through the consumption of "things," which "things" will be produced.

Social science could therefore be reduced to economic science and economics based on "psychology"—the relation of humans (natural, not social beings) to "things" which enable their needs to be satisfied. That people, having become "consumers," should

believe this to be so does not come as a surprise to someone who has really understood that capitalism is, in its highest stage, the rule of the commodity; that commodity alienation is the condition of its reproduction; that the things in question are not produced for any intrinsic use-value they may have, but for their exchange-value; that their use-value is not intrinsic, but a social product created by the production mode. There is no "specific" need which must be satisfied, such as a need for plastic flowers which is different from a need for paper flowers. Plastic and paper flowers are produced because it is profitable to do so; this is possible because there are people who have only their labor power to sell and who must do so to survive; and *the need for these flowers follows*—it is created simultaneously with the making of the flowers.

I will therefore try to define the nature of unequal exchange in the context of the nonspecificity of goods. Although the techniques used to produce most of the exports from the Third World are the same as those used at the center, in the same branches, real wages are very much lower at the periphery. Furthermore, the framework in which these productions are organized is that of the capitalist mode. Under these conditions, my analysis of the transfer of value is superior to that of Emmanuel; it is the only analysis that permits a correct definition of unequal exchange: the exchange of products whose production involves wage differentials greater than those of productivity.

The observation made by Marx "in passing," concerning the exchanges between two countries which produce and export the same product under different conditions of productivity, was too hastily discarded by Emmanuel, who noted only that "this special case in no way affects my theory of unequal exchange which concerns the exchange relations between two countries where each specializes in different branches."³¹ But Marx's observation, even though in the form of a marginal note, proves to be a profound one and corresponds to the real problem we have to study.

It is true that the productivity of labor depends not only on the technologies used but also on the normal framework within which labor, supplied with suitable capital equipment, operates in a

given social system. These natural resources have no intrinsic productivity, but they have an effect on that of labor. The social and economic conditions of capital's access to these resources vary, however, and a whole series of cases of "unequal exchanges" are characterized by factors other than unequal reward to labor.³²

Obviously, if we regard use-values as entirely irreducible, the "natural" element can be determining. Emmanuel bases himself on this remark when he declares that the developing countries have a relative advantage in their exports much higher than the disadvantage in their imports.³³ For obviously it would cost relatively more to grow cocoa in England than to produce textile goods in Ghana. But this remark is meaningless where nonspecific products are concerned. However, the social and economic conditions of access to natural resources which Emmanuel ignores are here determining elements in what we have qualified as "other forms of unequal exchange."

The idea that the products exchanged are in no way specific is difficult to accept. First, because this is an attack on the marginalist preconception, as I have already said. Second, because the analysis directly raises the question: Why does the center not abandon the production of these products? And, taking the argument further, since goods and capital are international, why is it that capital does not emigrate in large quantities to the periphery to produce everything at lower wages and flood the center with exports from the periphery?³⁴

There are two reasons why this does not happen. The first is historical: capital was national before becoming international, i.e., its international mobility is only a trend, admittedly an increasing one, which has occurred in conjunction with centralization and the monopolies. Furthermore, with regard to Ricardo's assumption of capital immobility, Emmanuel rightly observes that "the optimum solution would be for the English to migrate to Portugal with their capital to produce both cloth and wine."³⁵ The relations between the theory of unequal exchange and the historical stages of the development of the capitalist system will be looked at further on.

The second reason, theoretical in nature, is more important.

What we have said concerning the objective relation between real wage and the level of development of the productive forces is as true for the world system as it is for the pure capitalist mode of production. If all industries were to emigrate to the Third World where they would have the advantage of a lower wage, their production would find no outlet in the developed world. Thus there is no basis for the argument put forward by Minian that the assumption of mobility of goods and capital but not of labor makes a theoretical solution impossible. The necessity of a balance of payments equilibrium at the center and the periphery, put forward in reply to this type of criticism, is correct: equilibrium at this level is nothing more than a reflection of the necessity of a more essential equilibrium between the level of the reward to labor and that of the development of the productive forces.

We must now examine the second limitation Emmanuel imposed upon himself. The framework within which certain exports from the periphery are produced is not the capitalist mode of production. In broader terms, the products which form part of the workers' consumption at the periphery are not necessarily derived from capitalist production. This is so not only with regard to the workers' consumption in the capitalist export sectors of the periphery but also as regards local industries with a domestic market. How are these different modes of production interrelated? What exactly does the domination of the capitalist mode mean? Does regard for these questions in any way alter the analysis of unequal exchange?

When the production mode in one of the trading partners, external or internal, is not a capitalist mode, we can no longer use the basic concept of capitalism (capital, wage and profit, rate of surplus value and of profit, etc.). Does the very term of unequal (or equal) exchange then still have any meaning here?

The production modes of precapitalist origin which have trading relations with the capitalist mode obviously vary a great deal. For simplification, we can reduce them to the simple petty commodity mode of production. Let us imagine, for example, the capitalist society described above (producing 60e and 60c with given technologies) entering into trading relations with a simple commodity mode which produces consumer goods of a similar

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use-value but with an artisan technique, without capital equipment, according to the formula:

$$Oe + 100h \rightarrow 20c$$

Here, we cannot make any distinction between necessary labor and surplus labor since we are dealing with a simple commodity mode. Product c is competitive if the reward to labor accepted here is 0.20F/hour (against an hourly wage of 0.50F in the capitalist mode producing the same product). There is already "unequal exchange" in the sense that the rewards to labor for the same amount of working time are unequal (in the ratio of 2:5), but this differential is here identical with that of the productivities.

If from phase 1 to phase 2 the improvement in productivity reduces the price of the c unit in the capitalist economy from 1 to 0.50F while the artisan economy makes no progress, in order to be competitive, the latter must accept a reduction in the money reward to labor from 0.2F to 0.1F per hour. Whereas at the center real wages increase along with productivity, at the periphery the real reward to labor remains stagnant since the consumer goods which form a part of the consumption of the workers in both cases are international goods whose price has been reduced from 1 to 0.50F per unit. I have examined this problem, i.e., the deterioration of the factorial terms of trade, in *Unequal Development*: international trade, contrary to the optimistic assertions of conventional theory, does not allow the profits derived from the unequal improvement in productivity to be shared.³⁶

Obviously, if the simple commodity economy supplied a specific product, there would be no reason for it to be forced to accept a reduction in the money reward to its labor. The supply price for its product could remain the same. The capitalist economy would therefore have to accept sharing the profits from improvement in its productivity. It is nevertheless likely that the simple commodity economy would accept a drop in the price of its product, for which in any case cheaper substitutes would be developed at the center. This would particularly be the case so long as the real reward to artisan labor—through substituting cheaper imports for local consumption goods—was not affected.

This argument in no way prejudices the equal or unequal nature of the exchange. It only enables us to establish the conditions

under which the partners benefit or do not benefit from the unequal improvement in productivity. However, by analogy with the situation studied above where both the partners are organized within the framework of capitalist production, I have extended the concept of unequal exchange to situations where—whatever may be the production mode of the partners—the differential in the reward to labor is greater than that of productivities. This extension seems fully justified in view of the very close integration of all contemporary trade activities within the international capitalist system. In many cases, the extent of this inequality of exchange can be quite easily measured. It is true that in some cases where the products are not close substitutes, it is more difficult to do so.³⁷ However, the concept holds because capital is not only individual (fragmented), it is also social (global).

The successive stages of exchange model illustrates the fact that the conditions of exchange between the capitalist mode and the simple commodity mode can have an effect on the conditions of reproduction in the former, i.e., alter the rate of surplus value; the real dynamic-equilibrium wage with exchanges would then be different from what it would be without exchanges. There is no alteration in the conditions of accumulation in the capitalist mode if the products offered by the simple commodity mode enter into competition with those it itself produces: the capitalist mode "protects" its own autonomous dynamics by imposing its prices. The economic measures adopted which develop this competition are either the parallel organization, at the center and the periphery, of the production of identical products or close substitutes, with unequal productivities, or the emigration of capital toward the periphery in order to produce there, at a higher productivity, even marginally, products which the dominated domestic economy also supplies. The contrast between industrial crop plantations (Unilever, United Brands, etc.) and the dominated handicraft production comes under this strategy. In broad terms, this explains the organization of capitalist production competing against the dominated and maintained handicraft production. Of course, the "economic" means are not separated from the "political" means used at the same time in order to force the pre-capitalist modes to become integrated within the capitalist trade system. No model of this type can replace the concrete analysis

of formations in transition from precapitalism to peripheral capitalism and the specific class alliances of this transition.³⁸

If, however, capital does not succeed in developing this competition, the precapitalist society "resists" and the conditions of reproduction of the capitalist society become altered insofar as it is compelled to obtain, through trade, essential specific products supplied by the other.

Can one be clearer on this essential point concerning the dialectic between objective and subjective forces at the periphery and within the entire system? "Economists" always want what they term "rigorous proofs," those which can be formulated in models. This is not the case here. As the appendix illustrates, the "objective status" of labor power in the pure capitalist mode can be illustrated (not proved) in a simple model, which still has the shortcoming of any model—that of being unilateral.

The argument remains strong in spite of appearances when it is not possible to have recourse to such mechanistic illustrations. This is the case in this instance where we are deep in historical materialism and therefore outside the sphere of "economics." Having stressed that the unity of the world is revealed in the fact that the producers integrated within the complex formations dominated by the capitalist mode sell their labor power and not its products, I refer the reader to seek proof in my analysis of the creation of peripheral formations in *Unequal Development*.³⁹ There I have presented an analysis in terms of historical materialism, embracing history, "national phenomena," sociology and social classes, political struggles and ideologies, economic evolution, and the representation of all these in the alienated consciousness of people, their "scientific theories" and their value systems. A great deal remains to be done, but in this direction rather than in the field of unilateral models which leads nowhere.

7. From unequal exchange to unequal development

In lifting the two restrictions which Emmanuel imposed on himself, that is, in considering that the products exchanged (1) are

not "specific" and (2) that they can be produced within the framework of noncapitalist modes of production, I consider that theory has made some considerable progress. First, it contains a correct definition of unequal exchange. Unequal exchange in the world capitalist system exists when the differential between rewards to labor is greater than that between productivities. On the one hand, this definition relates to a phenomenon which is peculiar to the world capitalist system; it is not able to give an account of phenomena which are peculiar to other systems, for example to precapitalist distant trade. On the other hand, capitalist unequal exchange does not necessarily imply that the two production modes integrated by trade within the world capitalist system are themselves capitalist. This definition is therefore more precise but at the same time more general than that of Emmanuel.

These results are also reached independently by Saigal, who argues directly in terms of production prices because, in his models, he assumes equal rates of profit and not of surplus value. His models show that there is unequal exchange when real wage differential is greater than that of productivities. In whichever Department the partner whose relative wages are lower specializes, he loses because of this specialization—not only in terms of exchange (as against the situation where he is isolated) but also in terms of potential growth. Saigal also repeats my criticism of Ricardo and my assertion that a nation's long-term interest lies in developing those sectors of production with the best prospects for improvement in productivity, even if this choice must be made at the expense of trade.⁴⁰

The only necessary condition for unequal international trade to appear is obviously that we must be able to compare real wages, i.e., that wage-goods must be international goods. For if they were not, national systems would be isolated from one another, only juxtaposed but not integrated. The world capitalist system would not exist since, by definition, it implies that goods have an international, global nature. But at the risk of repeating myself, I again emphasize that unequal exchange does not necessarily imply that the partners' production modes must necessarily be capitalist: it is sufficient that the goods produced are intended for the international capitalist market.

At the empirical level, the major proportion of wage-goods in

the developing countries is imported or supplied by domestic import-substitution industries and/or by capitalist agriculture. The prices of these products are therefore subject to the laws of international competition just as much as the prices of the products which constitute the real counterpart of wages at the center. Even when some wage-goods at the periphery are still supplied under precapitalist modes of production, their prices have to be brought into line with those of international substitutes. This is a general characteristic of underdevelopment—the transfer to the periphery of the center's relative price structure which becomes the international relative price structure, whereas the distribution of productivities is different from that which is characteristic at the center.⁴¹

In correctly defining unequal exchange, the theory also defines the limitations of a theory of exchange. In fact, the cost of the reward to labor must be explained: the international immobility of labor is only the condition under which it is expressed. This immobility makes unequal exchange possible because the capitalist mode dominates other modes of production. The analysis of this domination must therefore be made the core of the study of accumulation on a world scale, of the unequal development of capitalism.

This point of view allows one to define the peripheral capitalist mode as opposed to its central form. Essentially, the peripheral form has the dual feature of a modern technology (hence high productivity) and low wages within the framework of the capitalist social organization. From this specific characteristic, the historical background of which I have given, dependency is derived. Integration implies that the balance between the development level of the productive forces and the value of labor power is not to be found at the level of the peripheral formation but only of the world system into which the latter is integrated. This lack of internal correspondence between the two elements in question results in the vicious circle of peripheral development: in order to reproduce its own conditions of existence, the peripheral formation must still contain precapitalist modes of production or else produce noncapitalist modes which, being dominated, provide the capitalist mode with its cheap labor.

It is within this framework that I have relocated the problem of "marginality."⁴² The expression is unfortunate since it suggests that the "marginalized" masses are not integrated into the system. But they are. They supply the dominant capitalist mode with cheap labor, either directly, or indirectly, i.e., incorporated into (1) products which make it possible to lower the value of labor power in favor of the dominant capitalist mode, or (2) products which enable a reduction in the value of the various components of constant capital, again in favor of the capitalist mode, or (3) products which make it possible to raise the real value of "luxury" consumer goods (the fraction of the surplus value which is consumed by the bourgeoisie). In the last resort, all these mechanisms can be analyzed in terms of transfers of surplus generated in noncapitalist modes in favor of the dominant capitalist mode.

Thus, "marginal" sectors may appear to be "vestiges," where sectors of precapitalist origin are concerned, even though the domination they suffer has caused them to lose their original autonomy. But we can now clearly see that some "modern" marginal sectors are reproduced by the system.

If the dependency which we have here defined is expressed at the international level by an asymmetry and the transfer of value (unequal exchange) which accompanies it, it is necessarily expressed simultaneously at the "internal" level, by a transfer in favor of the peripheral capitalist mode. It is therefore understandable that the dependency is not imposed from outside but is necessary. On the political level, the local bourgeoisie is the agent which shapes a dependent structure since this serves its interest. This is how it is able to benefit from the levels of consumption of the "international" bourgeoisie when the average level of development of its own productive forces does not allow it.

This analysis enables us to reject two series of myths to which Emmanuel's analysis was bound to lead: the first is the myth that "development" can be achieved by an "artificial" increase of the "independent" variable, i.e., the wage. The second is the myth that international transfer automatically benefits the working class at the center.

Emmanuel's analysis concerning the effects of an increase in

wages on the conditions of development remains naive.⁴³ Assuming that a strike leads to an increase in wages on the coffee plantations in Brazil, Emmanuel believes that this increase would not be possible if competitors were to take Brazil's place in the world market, but would be possible if the increase in wages could be matched by an improvement in productivity on the plantations. He nevertheless concludes that if the rise in wages affects all producers, consumers will have to pay more for their coffee. This is logical only because Emmanuel assumes that the products supplied by the periphery are specific. But they are not. Emmanuel quite correctly draws attention to the fact, overlooked by his critics, that the peripheral producer receives only a small fraction of the price that the consumer at the center pays for his product. The profits of middlemen, advertising, taxes paid at the center are so large that, in spite of the deterioration in the terms of trade for the producer and the wide fluctuations in the world wholesale prices of these products, their prices to the consumer are constantly rising and are never seen to fall even as a result of slumps. A wide buffer therefore exists which would enable an improvement in the reward to labor if social relations were to allow it. This essential problem which we place at the center of our analysis of the peripheral mode is not analyzed at all in the theory of unequal exchange.

Emmanuel practically ignores the dialectic interaction between wage and development and replaces it with an inaccurate linear analysis. Only an analysis of the objective status of the value of labor power enables the linear economic mechanism to be superseded. It is true that Emmanuel, on occasion, makes some interesting observations. Referring to England, he points out that wages which remained low until around 1870 did not hinder development because "rent absorbed the surplus and prevented it from going abroad." The observation is no doubt correct but must be qualified since, precisely between 1800 and 1870, the terms of trade were deteriorating for England—part of the gains in productivity achieved by that country's industry were in fact benefiting its trading partners. Thus it is necessary to clarify the historical conditions which made unequal exchange possible.⁴⁴

Because he ignores these historical conditions, together with,

broadly speaking, the analysis in terms of peripheral mode and central mode, Emmanuel confuses the young centers and the periphery. For if it is true that the prospects of an influx of white migrants into Rhodesia can, in its turn, cause capital to flow in, thereby creating high-wage employment, whereas a unilateral decision in the Central African Republic to raise wages would have no effect on development, it is because Rhodesia is a young center as were formerly the United States, Canada, Australia, and South Africa, characterized by clear-cut capitalist production relations.⁴⁵ If we reintroduce production relations into the analysis, we can see that foreign capital does not have the same "development" effect at the periphery because the relations of capitalist domination of the precapitalist modes characteristic of the peripheral structure lead to the specific distortions which I have analyzed. Ignoring this type of analysis, Emmanuel made a monumental error with regard to the respective roles of colonization by the "petits blancs" (poor whites) and of the establishment of multinational corporations. To claim that multinational corporations are agents of "development" as distinguished from the "petit blancs" is simply to revert to Rostow's line of reasoning. On this point, Bettelheim's criticisms are right: Bettelheim contrasts the homogeneity of the center with the heterogeneity of the periphery.⁴⁶ On this point, however, like P.-P. Rey in *Les alliances de classes*, I went further in showing that this heterogeneity was necessary, that it enabled, through specific class alliances at the periphery, the reproduction of the system as a peripheral system.

The analysis of unequal exchange shows that the rate of surplus value at the periphery is undoubtedly higher than it is at the center. What precisely characterizes the peripheral mode and results in, among other things, unequal exchange, is the dual element of low wages and modern technology both in the peripheral capitalist export sector and in the sector which finds its outlet on the domestic market. It is precisely because the rate of surplus value is higher at the periphery that international capital finds it profitable there: emigration of capital to the periphery is a means of raising the profit rate. It is also due to this fact that the peripheral mode reproduces itself as such both in the economic

terms of the distortions which characterize it and in the political terms of specific class alliances which define it. To deny this evidence necessarily takes us back to Rostow: peripheral capitalism would then be only a stage toward mature central capitalism. Therefore Bettelheim, who unfortunately expressed the view that the rate of exploitation was higher at the center, was forced to deny the existence of a system of international values.⁴⁷

However, the fact that the rate of surplus value is higher at the periphery does not automatically mean that the proletariat at the center benefits from the transfer arising from unequal exchange. If labor were to be paid the same rate at the periphery as at the center, assuming equal productivity, the overall equilibrium between the reward to labor and the level of development of the productive forces at the world level would require a different distribution of the comparative rates of growth of the center and the periphery. Unequal exchange is above all at the root of unequal development. There is no doubt that the working class at the center "benefits" from the higher rates of growth which this exchange allows, because at the level of the central formations it is essential to have equilibrium between real wages and level of development. However, the "high" wages at the center are mainly due to the high level of development of the productive forces and not to international transfers. It is equally obvious that the bourgeoisie at the center exploits—unfortunately, with success—the myth of national solidarity, and the faster the growth, the easier it is to do this.

In this field, the studies by Mauro Marini and Cardoso seem to me to be more to the point.⁴⁸ The first observes that the over-exploitation of labor at the periphery makes it possible to increase the overall surplus value in comparison with the center by lowering the price of certain means of subsistence while at the same time raising the profit rate by reducing the price of some components of constant capital. I would introduce a slight qualification: the resulting rise in the rate of surplus value at the center is limited by the objective requirement of an equilibrium between real wages and the level of development of the productive forces. I also endorse Cardoso's observations. First, this process of exploitation of the periphery is not necessary (since there is no

theoretical problem of an absorption impossible within the framework of the pure capitalist mode), but it explains the functions of dependent capitalism in the world system. Second, the importance of the products imported by the center from the periphery is decreasing (precisely because of the unequal development brought about by unequal exchange). Our qualification here is that this "marginalization" of the Third World, noticeable in the course of the last development phase (1950-1970) of the world system, is also not a phenomenon whose development has been linear throughout the history of capitalism: between 1880 and 1913, the opening up of this world to imperialistic capital was decisive; tomorrow, with a possible spurt in the development of runaway industries, it could be the same again.

8. Transformation: a related question

The importance attached by some authors to the question of "transformation of values into prices" reflects, in my view, a fundamental error in the understanding of the nature of the Marxist concept of value. It is clear that it is impossible to derive the system of prices mathematically from the system of values while maintaining an equality between rates of profit and the rate of surplus value.⁴⁹

Because of this impossibility Emmanuel deduced that "the irreducible nature of production prices" (which cannot be "derived from values") means that, in passing from one system to the other, "it is not a question of change of form but of content" and as a result, the cost price "bears no relation to phenomena but is of an essence other than that of value."⁵⁰ As I showed in chapter 2 of *Unequal Development*, in connection with the question of relations between planes in the various modes of production, there is no reason for the profit rate to be equal to the rate of surplus value. On the contrary, if the two rates were equal, economic exploitation would be as obvious in the capitalist mode as it is in the production modes which preceded it. If there is a deception, if the phenomenon hides the essence instead of reveal-

ing it openly, if "capital" appears to be "productive" independently from labor, it is precisely because, through "transformation," the rate of surplus value seems to disappear. However, in the last analysis, it remains present, for if we choose $R = 0$ in Sraffa's system, the rate of surplus value of the corresponding value system will also be zero.

This view is similar to those of Caudio Napoleoni and Oscar Braun. The former writes, "value and production prices correspond to two *distribution* patterns [emphasis mine] and to two systems of exchange of which we cannot consider the one as being the transformation of the other since the structural assumptions are changed."⁵¹ And Braun says, "the Marxist theory of value does not require the sum of prices to be equal to the sum of values since value and surplus value derive from the analysis of the production process whereas prices and profit derive from the analysis of overall production process."⁵²

It is obvious that the function of the theory of value is precisely to reveal what does not appear openly at the distribution level (including the sale of labor power and capital circulation on the one hand and the exchange of goods on the other) by going to the very heart of the matter, i.e., the production process.

It is absolutely essential to understand correctly the relation between value and price—that the price category is not universal but peculiar to the capitalist mode—in order to understand that socialism is not capitalism without capitalists. I have placed a great deal of emphasis on this subject. For, as Sraffa himself rediscovered, "competitive optimum" is far from being synonymous with "social optimum."⁵³ The first depends on a social relation, i.e., the opposition between the proletariat and the bourgeoisie which is reflected in the rate of surplus value. Sraffa qualifies as "suboptimal" any equilibrium where profit is not zero. What does this rediscovery of Marx mean? That society can achieve a true "social optimum" when the "profit rate" is zero, hence when the rate of surplus value is also zero—in other words, when class exploitation has disappeared and the task of accumulation has been completed. Two conclusions can be drawn from this analysis. The first is that a period of transition to socialism—which is not mature socialism—is essential to the

extent that capitalism has not completed its historical task of accumulation. Therefore, for this very reason, the allocation of means of production requires that "time" be taken into account, though in a different way from that which characterizes capitalism: in placing oneself directly at the overall national level instead of at the level arising from competition among capital, i.e., the capitalists. The second is that mature socialism is not Stuart Mill's "stationary state." Socialist society is simply the master of its decisions: the decision to expand production is taken directly by a clear, disalienated collective consciousness capable of directly working out the amounts of socially necessary labor required to produce the desired use-values without passing through the indistinct stage of attributing a "value" (pseudovalue) to "time."

This is why it is absolutely necessary to establish the essential laws of the system both as regards the objective status of the value of labor power and as regards unequal exchange, in value terms. Of course, one can also obtain the same results directly in terms of prices, as Oscar Braun and Saigal have done.

9. The question of the falling rate of profit

Before approaching the problem of the stages of formation of the world system, it is useful to recall what I outlined in *Unequal Development* concerning the falling rate of profit.⁵⁴ The appendix illustrates that the organic composition and the surplus value rate in value terms remain unchanged if improvements in productivity are equal in both Departments, that they both increase if the improvements are more rapid in the production of consumer goods (wage-goods) and decrease together in the reverse case.

The debate concerning the law of the falling rate of profit,⁵⁵ started toward the end of the nineteenth century by Bernstein, Conrad Schmidt, Cunow, Otto Bauer, Rosa Luxemburg, and Kautsky, was taken up in the twenties and thirties by Louis Boudin, Henryk Grossman, Hans Beiss, Kei Shibata, and Natalie Moszkowska. On one side were the "revisionists," who, noting

that the profit rate did not necessarily fall to a level which would jeopardize "the inducement of capitalists to invest," concluded that the system would be perpetuated. On the other side was an "orthodox" pseudo-Marxist school which asserted that the rate of profit would gradually fall until it entailed a "general crisis" and the "collapse" of the system (in German, *Zusammenbruch*). Both interpretations share the same basic fault of economic mechanism; I reject the theory of "general crisis" and "spontaneous collapse" as well as that of "necessary perpetuation" of the system.

In my view, the real problem consists of examining how the system reacts in itself and attempts to adjust to a possible fall in the profit rate. The adjustment of economic quantities to one another in the context of dynamic equilibrium takes place with time lags which determine the shape of the cycle (or of fluctuations). These cycles (or fluctuations) fall within a framework characterized by long-term trends peculiar to each phase of the actual history of the system.

The historical facts relating to the period extending from the Industrial Revolution (beginning of the nineteenth century) to the crisis of the thirties point to an actual tendency for the rate of profit to fall. The Industrial Revolution was above all a revolution in the capital equipment of large industries producing consumer goods: the power loom and the steam engine, introduced immediately in their almost final form, enabled the utilization of a much larger volume of raw materials for the same amount of direct labor time. The organic composition in value rose. The necessary tendency for the rate of surplus value to increase followed—with a time lag to adjust itself to the continuous improvements introduced into the consumer goods industries.⁵⁶

The discussion relating to the falling profit rate was resumed in the forties and fifties in terms derived from the microeconomic marginalist definition of labor-saving and capital-saving innovations. Memories of the slump of the 1930s were still fresh and the entire discussion was marked by the Keynesian analysis which was based on the assumption of a collapse of the profit rate (the marginal efficiency of capital), faced with the absolute barrier of

"liquidity preference" together with the tendency to stagnation which the depression had entailed.⁵⁷

The inherent tendency of the capitalist mode of production to raise the rate of surplus value induces it to favor innovations which are labor-saving for the whole economy, that is, innovations centered on Department II. These innovations in fact make it possible to reproduce the reserve army of unemployed and therefore to put pressure on wages. This is Mark Blaug's argument against J. M. Gillman:

labour saving innovations are induced by rising real wages eating into the profit margins but capital-saving innovations just happen, for technical reasons, to occur only in late-stage capitalism. Capital-saving innovations play the same role in Gillman's book as trade union pressures in the works of other Marxists: they enter into the analysis as exogenous variables which reconcile the theory with reality.⁵⁸

Is the contemporary technological revolution of this capital-saving nature? It is perhaps in part, a concentration of major innovations having been transferred to the production of Department I. The consequent reduction in the organic composition tends to raise the profit rate, particularly if the reduction of the surplus value rate necessary for dynamic equilibrium only follows with a time lag. Thus in any case it would not be possible to adopt a mechanical trend in the rate of profit in order to divide the history of the capitalist system into periods. Similarly we shall see that there is not a mechanical tendency toward an excess (or insufficiency) of surplus. The phenomena around which the periodization of capitalism should be organized are to be found at an entirely different level.

An examination of the possible future of the system enables us to understand its inner nature. Can one envisage a capitalist system surviving the general spread of automation? Applied to the production of Departments I and II automation, in this world of science fiction, this would free mankind from work. But if the ownership of production means were to remain private and in the hands of a few, the total products of the automated machines should go to the owners of these miraculous machines. We would have a curious

society composed of a bourgeoisie without a proletariat. The latter, being superfluous, would have to be destroyed or reduced to the status of nonproductive domestic servants. Although this is peering far into the future, we can already notice certain trends in this direction. Before reaching this imaginary situation, automation tends to make an increasing proportion of the population redundant. The dynamic equilibrium model suggests to me that the system could give rise to growing mass unemployment while the decreasing minority of proletarians employed in Departments I and II would find their real wages rising at a phenomenal rate. If in fact progress in automation is the same in both Departments, the organic composition and the surplus value rate would remain unchanged and the real wages of the decreasing employed minority would increase at the same rate as productivity.

The slump of the 1930s already showed this tendency. The polarization of the world into developed and underdeveloped countries is an even more obvious example. The capitalist system's tendency toward elimination of the superfluous population should therefore not be underestimated. But at the same time, the capitalist system reacts to this "marginalization" of the labor force: on the one hand, rather spontaneously, by the changes in relative prices and demand structures which regenerate a "small modern capitalism," in particular, consumer services. This tendency is visible and once again precludes us from seeing the concentration as a linear phenomenon: like all social phenomena, concentration gives rise to its dialectical opposite. It also reacts, on the other hand, in a "nonspontaneous" way, at least from the narrow economic point of view. Class struggle and the state intervention falling within this framework, lead to the development of other means of absorption of the surplus. A tax tapping of the surplus generated in Departments I and II in favor of a nonproductive Department III would be accompanied by a lower increase in real wages in Departments I and II and by an increase in employment in Department III. For Departments I and II, this trend would probably lead to a reduction in the profit rate since the portion extracted from the surplus which they generate would have to increase very rapidly to ensure the "full-employment" equilibrium of such a system.

10. The historical periodization of the capitalist system

The discussion concerning the stages in the evolution of the capitalist system was greatly obscured by the tendencies to link this problem with that of the law of the falling profit rate and to the false laws concerning the absorption of the surplus. These aberrations have led to expansionism, the general trend of the capitalist mode, being confused with imperialism, a special stage of the latter.

I suggest that there are two main stages in the history of capitalism.⁵⁹ The first is marked by the Industrial Revolution at the beginning of the last century. During the three previous centuries covering the mercantilist period, the capitalist mode of production was not mature. Its essential components, i.e., the accumulation of money wealth at one end and proletarianization at the other, gradually began to emerge. The expansionism characteristic of the period, which Oliver Cox has carefully emphasized,⁶⁰ should not be confused with the subsequent imperialism. It is true that in its developing stages the system was from the start international and unequal and the function of the periphery of the time was essential to the accumulation of money wealth. But this function is entirely different from that of the periphery which followed.

The second stage is that which Lenin defined in terms of imperialism. It is this particular part of the history which has been challenged; in particular by Emmanuel, who denied that the export of capital appeared at the end of the nineteenth century.⁶¹ His argument was that British assets abroad having increased from one billion pounds sterling in 1870 to four billion in 1914, this accumulation was hardly more than on the spot reinvestment of a part of the profits, for, at the rate of return of only 5 percent, one billion invested in 1870 would reach a figure of more than four billion by 1914, and that the repatriation of profits to Britain was therefore larger than the flow of British capital exported. Furthermore, Emmanuel observed that the volume of American assets invested abroad in 1970 was, in relative terms, at least forty times larger than the volume of British assets in 1914.

The facts mentioned are correct; it is their interpretation which

is in question. For the profits which are reinvested are equivalent to new capital exports, as Suzanne de Brunhoff points out: investment transforms income into capital.⁶² I also consider that essential to the problem of international capital flows is a distinction between capital flows and repatriation of profits, refusing to consider their balance directly.

As I have already shown, capital exports do not occur as a result of some theoretical impossibility to utilize the surplus within the central capitalist formations. They are motivated by the search for higher profits which are made possible precisely by the coexistence of a modern technology and low wages. This search is not related to the trend in the profit rate: rising or falling. Furthermore, the repatriation of profits shows that capital exports do not solve a pseudoproblem of absorption. Thus Lenin never regarded capital exports as due to internal difficulties of absorption but purely to a search for a higher profit rate. It is true that the picture of a Europe of small investors living off the returns of their investments abroad, a typical trend of the period, was shattered by the subsequent ruin of the same investors. The domestic absorption of the surplus was no longer made through the consumption of these small investors but by other means, related to the structure of monopolistic competition (such as selling cost) and the development of state monopoly capitalism (such as public expenditure).

If capital exports began at the end of the nineteenth century and not before, it was not because capitalism was not "expansionist" before this time. It was, but in different forms, fulfilling other functions. Capital exports became possible only when the concentration of capital brought about a separation between the function of "entrepreneurs" (which could henceforth be fulfilled by paid agents) and that of capitalists, these two functions having been, until then, combined. Therefore Lenin was right in establishing the link between the appearance of monopolies and the export of capital. Before the emergence of monopolies, capital could not emigrate without the capitalist himself emigrating since, in the system of family enterprises of the time, these functions were cumulative.

We must also avoid confusing imperialism with colonialism. The latter preceded the former by a long period and fulfilled far

too many functions in history to constitute a significant homogeneous category. During the imperialist era itself, the colonial conquest resulted from the competition between national imperialist countries, particularly in Africa, but this was in no way necessary—as shown by the continued independence of Latin America, China, and the Ottoman Empire.

The result of imperialism, i.e., of the international emigration of monopoly capital, was unequal exchange, one condition of which, as we have seen, was the international mobility of capital. Until then, during the period 1800-1880, goods tended to circulate more and more freely and gradually acquired their international character, but capital movement was seriously hindered because of its dispersal. This first limitation of the world capitalist system, which was not yet complete as such, was accompanied in history by low European wages. We can therefore hardly speak of unequal exchange, as we have emphasized. However, the periphery already existed and fulfilled certain definite functions: expanding the industrial base of Britain, or raising the profit rate by lowering the value of (1) labor power (corn import from America which did not pay land rent) or (2) the components of constant capital (import of raw materials in which the countries of the periphery specialized). International trade did not at any time play a decisive role in absorption since this trade was balanced without any large capital movements. We can certainly speak of expansionism by Britain in the nineteenth century (but not of imperialism), in the same way that we can speak of the expansionism of mercantilism which fulfilled other functions.

An example of the mistakes which accompany the confusion between the expansionism of capitalism and imperialism is shown in the remark made by Palloix on Britain's exports. According to him, since the system of competition leads to a fall in profit rate, the function of foreign trade was to raise it. Hence, he describes the "industrialization pattern of Britain as imperialist insofar as the removal of domestic constraint was achieved by a reorientation of exports, throughout the eighteenth century, toward the dominated territories."⁶³ The term *imperialist* should be replaced by the term *expansionist*. Moreover, the trend of the profit rate is independent of whether the production system is competitive or monopolist. Thus we find a great deal of ambiguity in Palloix'

remark that because in the monopoly mode there is no falling profit rate, the Third World only plays the part of a safety valve to which all nonprofitable activities are directed and that, since the absorption of the surplus is organized internally, the Third World loses its function and tends to become "marginalized." Before Palloix, Oliver Cox, also confusing imperialism with expansionism, hastily concluded that capital was of an international nature right from the start, i.e., during the mercantilist period.⁶⁴ In my view, capital became really international only from the time when, thanks to the monopolies, it acquired a mobility hitherto unknown.

Of course the still-continuing imperialist era should be subdivided so that we can avoid generalizations based on mechanistic theories of the falling profit rate or of absorption. A first phase of imperialism, which could be termed "classical," stretched from 1880 to the First World War and perhaps to the 1930s. This phase opened with a structural crisis at the center, a crisis which was overcome by the appearance of monopolies and capital exports. At the same time, the period of relative stagnation of real wages at the center ended and a period of relatively high wage increase began.

Capital exports to the periphery led to the development of primary export sectors. The periphery retained the characteristic of the predominance of organization modes of precapitalist origin, though henceforth integrated into the world system through commodity exchange with the capitalist world (the bulk of the capital being foreign and limited to the export sectors). Unequal exchange began, and it helped to raise the average profit rate of capital. At the periphery, primary exports constituted almost the sole source of growth, with imports covering manufactured consumer goods. The refusal to industrialize was accompanied by a division of the local bourgeoisie into a comprador section whose future was linked with foreign domination, and a national section which came into conflict with imperialism. This first phase of imperialism was characterized by very high growth rates of both the product at the center and world trade.

This first phase underwent a period of structural crisis from the First World War to the end of the Second World War, marked by the slump of the 1930s and the stagnation of capitalism. During

the thirties, the industrialization process through import substitution began at the periphery, particularly in some countries of Latin America. It gathered speed and spread to other areas after the Second World War, in the course of the last twenty-five years.

This second phase of the imperialist system was marked at the center by large-scale state intervention and the new forms of absorption of the surplus which we have analyzed. At the periphery, the main source of growth shifted from exports to import-substitution industries, thereby completing the peripheral capitalist mode. The reproduction of class domination conditions here required a policy different from the one followed by the bourgeoisie of the center: in order to maintain "low" wages despite advanced technology which could henceforth be imported, proletarianization had to be slowed down and pre-capitalist production modes exploited. The unequal exchange which continued outside was accompanied by an internal unequal exchange of a similar nature. On the political level, whereas the development of capitalism at the center was accompanied by the progress of bourgeois democracy, in the periphery on the contrary, this prospect was excluded right from the start. At the same time, the foreign trade structure of the periphery was changing: exports remained of the same type, mainly primary, but the import of capital equipment (due to the import of modern technology) and the import of food products (due to the distortions peculiar to the peripheral mode in the allocation of resources, particularly at the expense of agriculture, which were necessary for the reproduction of the system of low wages) was substituted for the import of manufactured consumer goods. The forms of dependency were themselves changing: there was a tendency for direct domination by foreign capital, particularly during the latter part of the period, to be replaced by indirect domination through the adoption of the consumption patterns of the developing countries and through technological domination. One can therefore understand Emmanuel's pertinent remark concerning the decrease in the relative volume of central capital at the periphery, a remark which complements that of Cardoso on the "marginalization" of the Third World and my own on the increasing inequality in development.

The theoretical problem of absorption of the surplus is no

greater at this stage than in the preceding one. But the new forms of absorption at the center heighten the inequality in development. At the same time, the distortions characteristic of the peripheral mode create a problem of absorption which is solved by the export of capital to the center and by increasing the proportion of the surplus value spent on luxury goods. The importing of technology and the protectionist policies with respect to small local import-substituting monopolies permit this form of consumption of surplus value. This in turn encourages the adoption of "European" consumption patterns and enables the system to be reproduced as a dependent system. The bourgeoisie as a whole stops being national: it cannot fulfill the historical function of primitive accumulation, i.e., radically destroy the precapitalist modes, "save" the surplus value, and so on. It has to be reactionary ("protect" the precapitalist modes in order to dominate them), wasteful (consume the surplus value), and dependent. We can therefore understand that "dependency" is not "imposed" but necessary to generate the surplus.

Within this framework, we can see that an internal market is formed, but one that is distinguished from that of the center. It is principally a market for products both from industry and submissive precapitalist agriculture, but it is really neither a labor market, since proletarianization is limited, nor a capital market, which remains largely foreign (multinational corporations) and state controlled (since domestic private capital, being spread too thinly, cannot reach modern technology). It is in this sense that the peripheral mode remains specific and that Frank's intuition in speaking of "development of underdevelopment" can be upheld.

This periodization which we have suggested is very different from that made by Braun.⁶⁵ Braun ascribes the exports of capital during the period of 1880-1930 to the low wages at the center (whereas it is precisely as from 1880 that wages really began to rise at the center). Thus Braun considers that the phase of unequal exchange only began after 1930, whereas I have traced it back to 1880.

Is it possible that we are about to enter a new third phase of imperialism? If so, what are its characteristics likely to be? The crisis which began with the seventies is a structural crisis of

which the monetary aspect is only a symptom. My analysis of the possible alternative solutions for the system has stressed the internal transformations at the center (the evolution of "national" monopolies into multinational corporations, the emergence of cartels, technological revolution marked by automation, electronics, atomic energy, and space exploration), moving from there to the new form of unequal international division of labor which could be a feature of this third phase. The peripheral bourgeoisie itself hopes to speed up this evolution begun by the establishment of runaway industries in East Asia and Mexico, in the context of which it would take advantage of low wages to export manufactured products to the center. This type of specialization would undoubtedly reproduce the distortions peculiar to the peripheral mode, a condition for a continued differential in wages, and at the same time reproduce unequal development. An apparently paradoxical structure of world trade would develop: the underdeveloped countries would become exporters of industrial products and importers of food products. Giovanni Arrighi and Andre Gunder Frank have also tried to describe these possible alternatives.⁶⁶ In this connection, Frank recently stressed the phenomena of unequal development within the periphery, the theory of which was first put forward by Mauro Marini. The development of "subimperialisms" in Brazil, Mexico, India, and perhaps a few other countries falls within this category. The role which the USSR could play in this new division of labor, with a view to greater integration into the world system, would be somewhat similar to that of those subimperialisms which import advanced technology from the center while exporting the products made with less advanced technology toward the periphery.

11. Conclusions

Vulgar and dogmatic Marxism has reduced the social dialectic to the old unilateral causality of the natural sciences. The specific quality of social science which makes social "man" both object

and subject is lost and with it is lost the social dialectic. In this respect, vulgar Marxism approaches very closely the whole of bourgeois thought which never went beyond unilateral causality.

Abandoning the dialectic has meant losing sight of the inner meaning of commodity alienation whereby the human consciousness becomes a false consciousness, causing the "laws of society" to appear on the immediate plane of phenomena, as external to the society itself, as imposing themselves on it. We do not seem to have understood the meaning of the first chapters of *Capital*: commodity and value, these most abstract concepts which form the culmination of Marx's discovery and hence by a necessary reversal, the starting point of his analysis, have been relegated to the level of the commonplace. As a result, the pseudo-problem of "transformation" of values into prices has been raised in terms of "economic theory" while no attempt is made to understand the true import of this problem, which lies at the global level of the alienation of society. For this reason, I consider the debate closed. In the course of the discussion on international trade, the same "economistic" interpretation of the problem of value appeared; this is shown in the strong bias toward the specificity of goods. This prevents an understanding of both how and why the unity of the world system is a reality, i.e., precisely because this unity is situated at the level of the universality of commodity alienation and is manifested in the universality of the reduction of labor power to the status of commodity.

The world vision based on unilateral causality is responsible for the university's inextricable compartmentalizations and the creation of false science for every "discipline." Vulgar Marxism has done the same thing. And yet Marx had pointed out that *Capital* was a critique of political economy. By that, he meant the debunking of "economics," this false, compartmentalized science, and the discovery of the common basis on which the whole social fabric rests. This critique has been taken to be a "university economics" critique of an economic theory. While the critique of political economy culminated in historical materialism, people have continued to practice economistic economics and to reduce historical materialism to a pseudoscience of history.

Economistic Marxist economics has led to dealing with the trends of the system in mechanistic, unilateral terms. This is shown in the debate on the status of the value of labor power, and the debate on the law of profit rate and the tendency of the surplus. These are false debates which come to an end once they are placed in their proper context: defined not by economics but by historical materialism.

The truncated historical materialism for its part has become "a science of history," a history which is necessarily mechanistic and linear. The dialectics between productive forces and production relations, base and superstructure, production modes and social formations, and capitalist social formations and system of capitalist formations, have been replaced with systems of linear causality in which productive forces determine production relations which in turn determine the superstructure.

The theoretical and practical consequences of this return to linear causality are very serious indeed. Socialism was to be born in linear terms in the most developed capitalist countries when the level of productive forces had reached peaks which they could not surpass without the transformation of the production relations. The "philosophy" of the "general crisis" derives from this set of distortions. This meant at one and the same time failing to understand the dialectical unity of the world system, reducing the inequalities of development to "time lags" (as Rostow has done), and reducing socialism to capitalism without capitalists. For in this linear perspective, the progress of productive forces comes first and is autonomous; science and technique are neutral. We forget that they are themselves a product of society.

To say that socialism simply becomes capitalism without capitalists means that it involves producing the same goods, in the same way, to satisfy the same "needs." The new production relations, adjusted to the high level of productive forces, are reduced to their legal form—the abolition of the private ownership of the means of production. These new relations "free" the productive forces insofar as they speed up "progress" along the lines developed by capitalism. Once again, this vision is linear. At the same time, the true former production relations are retained

along with their varied forms (the dichotomy between the work of policymaking and execution, between town and country, etc.).

Since the Chinese Cultural Revolution, this has become quite clear. In *The Cultural Revolution and Industrial Organization in China*, Bettelheim has shown convincingly that socialism must question everything simultaneously: what to produce and how to produce it. It is no longer a question of "catching up" and later "overtaking"; we can no longer speak of socialist accumulation. It does not make sense, since accumulation necessarily gives rise to capitalist alienation. In order to catch up on the development of the productive forces, we must do something entirely different. Neither the Stalinists nor the Trotskyists saw that: they were discussing the forms (the tactics) of "socialist accumulation."

So today, the question has come to a head. This is why Chou En-lai was able, at the Tenth Congress of the Chinese Communist Party in August 1973, to formulate it thus: "The principal contradiction is that which opposes the proletariat to the bourgeoisie and not that between the advanced socialist system and the backward forces of social production." For the bourgeoisie cannot be got rid of once and for all. It reappears continually so long as the new production relations are not fully established and the dichotomy between intellectual work and manual labor is removed.

Another aspect of the same problem is the impossibility of understanding the unity of the world system, as was revealed in the explanation of international trade. It has been possible to exchange controversial arguments which were sometimes cogent and just, and remind those who were apt to forget international inequalities of Marx's observation: "If the Free Traders cannot understand how one nation can grow rich at the expense of another, we need not wonder, since these same gentlemen also refuse to understand how in the same country one class can enrich itself at the expense of another."⁶⁷

However, we remained within the narrow framework of "international economic relations." As we have already said for Rossana Rossanda and Charles Bettelheim, Mao has reestablished Marx.

Appendix

Real wages, rate or surplus value, development of the productive forces and extended accumulation in the capitalist mode of production.

The following analysis takes the form of a model based on that of volume 2 of *Capital*. A model is no more than an illustration. Whether simple or sophisticated, it rests on an unambiguous and nondialectic definition of "quantities"; it points out and formulates the relationships between them and deduces the "consequences" through mathematical treatment of these relationships. These are already included in the initial assumptions—choice and definition of the quantities and relationships. A model is therefore always weak because it cannot be dialectic. It is only of didactic interest—to make clearly explicit what is implicit in a unilateral view.

Economics can be expressed in equations while historical materialism cannot, because economics artificially separates one aspect from other aspects of the single social reality, making economics a special field and therefore a false science. Thus the importance of the model is reduced. Its two basic limitations are, first, that its main interest lies in its "peculiarities" (the mathematical discussion of its conditions), that is, they pinpoint the location of the problems which cannot be solved by the linear method, and second, that although formally an abstraction, it is no more than the abstraction of a concrete matter, i.e., of a reality which can be located in time and space. One does not construct an illustrative model of a phenomenon covering the entire history of mankind from Adam and Eve to our day. One constructs a model for a particular situation, in this case, a production mode. Therefore the model starts from a specific point in time. This point is not "freely" and artificially chosen if one wants to be a social scientist rather than a mathematician. On the contrary, one must be aware of the "prehistory" of the model, that is, of the concrete historical formation of the situation. Thus one starts with a problem which derives from historical materialism. I shall take note of these points in the analysis below.

1. Parameters of the system

I shall begin with a broad analysis of the system, linking real wages (and surplus value rates) with the development rates of the productive forces. Each Department (I for production of means of production E and II for production of consumer goods C) is defined, for each phase, by an equation in value terms, as follows:

Phase 1

$$\text{Department I} \quad le + ah = pe \quad (1)$$

$$\text{Department II} \quad le + bh = qc \quad (2)$$

Phase 2

$$\text{Department I} \quad le + a\partial h = pe \quad (1)$$

$$\text{Department II} \quad le + b\rho h = qc \quad (2)$$

Phase 3

$$\text{Department I} \quad le + a\partial^2 h = pe \quad (1)$$

$$\text{Department II} \quad le + a\rho^2 h = qc \quad (2), \text{ etc.}$$

The first term of each equation stands for the value of constant capital consumed in the productive process, reduced to a physical unit of equipment E , estimated at the unit value e ($e_1 \neq e_2 \neq e_3$, etc.). The second term represents the physical quantity a , b , $a\partial$, $b\rho$, etc., of total direct labor (necessary labor and surplus labor) employed by one unit of E in each Department and for each phase. The parameter h measures the value product of one hour of labor (not to be confused with hourly wage). The physical product of each Department, p and q respectively, is estimated at its unit value e and c (similarly $c_1 \neq c_2 \neq c_3$, etc.).

The system comprises three pairs of parameters (a , b , p , q , ∂ and ρ) and two unknowns (e and c) for each pair of equations which describe one phase. Parameters a and b measure the physical labor intensity in the productive processes (their reciprocals are related to the organic compositions), parameters p and q represent the physical product of the productive processes using one unit of equipment E in each Department, parameters ∂ and ρ represent the rates of technical progress in each Department.

Obviously ∂ and ρ are less than 1 since technical progress enables us to obtain, with less direct labor, a higher physical product per unit of equipment.

2. Determination of unit prices e and c

If we assume $h = 1$, the equations supply the pairs e and c :

$$e_1 = \frac{a}{p-1} \quad c_1 = \frac{a+b(p-1)}{q(p-1)}$$

$$e_2 = \frac{a\partial}{p-1} \quad c_2 = \frac{a\partial + b\rho(p-1)}{q(p-1)}$$

$$e_3 = \frac{a\partial^2}{p-1} \quad c_3 = \frac{a\partial^2 + b\partial^2(p-1)}{q(p-1)}$$

etc.

As the first set of equations show, as we produce the capital equipment from capital equipment and direct labor, the unit prices of e fall from one phase to the next at the rate of growth of productivity in Department I. On the other hand, consumer goods being produced from capital equipment and direct labor, the unit prices c fall at a rate which is a combination of ∂ and ρ .

3. Equations of extended reproduction

If the capital equipment E is distributed between Departments I and II in the ratios n_1 and $1-n_1$, for phase 1, n_2 and $1-n_2$ for the next phase, the equations for the production in value terms are as follows:

Phase 1

$$\begin{aligned} \text{D I} \quad n_1 c_1 + an_1 &= pn_1 e_1 \\ \text{D II} \quad (1 - n_1) e_1 + b(1 - n_1) &= q(1 - n_1) c_1 \end{aligned}$$

Phase 2

$$\begin{aligned} \text{D I} \quad n_2 e_2 + a\partial n_2 &= pn_2 e_2 \\ \text{D II} \quad (1 - n_2) e_2 + b\rho(1 - n_2) &= q(1 - n_2) c_2 \end{aligned}$$

Phase 3

$$\begin{aligned} \text{D I} \quad n_3 e_3 + a\partial^2 n_3 &= pn_3 e_3 \\ \text{D II} \quad (1 - n_3) e_3 + b\rho^2(1 - n_3) &= q(1 - n_3) c_3 \end{aligned}$$

Each term of each pair of equations carries the same quantitative coefficient E_1, E_2, E_3 , etc.

Let the hourly money wage (or salary) be represented by s (s_1, s_2, s_3 , etc.). Obviously $s < 1$, the difference $1 - s$ representing the surplus value whose rate $t = \frac{1 - s}{s}$. The dynamic equilibrium of the extended reproduction requires that two conditions be fulfilled:

(1) that the wages distributed for each phase (in both Departments) enable the entire output of consumer goods produced during that phase to be bought;

(2) that the surplus value generated during one phase (in both Departments) makes it possible to purchase the entire output of Department I during that phase at the equilibrium price of the next phase.

(a) Equations of supply/demand of consumer goods:

$$\begin{aligned} s_1 [an_1 + b(1 - n_1)] &= q(1 - n_1) c_1 \\ s_2 [a\partial n_2 + b\rho(1 - n_2)] &= q(1 - n_2) c_2 \end{aligned}$$

(b) Equations of dynamic supply and demand of equipments:

$$\begin{aligned} (1 - s_1) [an_1 + b(1 - n_1)] &= pn_1 e_2 \\ (1 - s_2) [a\partial n_2 + b\rho(1 - n_2)] &= pn_2 e_3 \end{aligned}$$

We can verify that the system is actually expressed in values and not in production prices since the rates of surplus value are identical in both Departments.

We derive 2 series:

$$s_1 = \frac{(1 - n_1) [a + b(p - 1)]}{(p - 1) an_1 + b(1 - n_1)}$$

$$s_2 = \frac{(1 - n_2) [a\partial + b\rho(p - 1)]}{(p - 1) [a\partial n_2 + b\rho(1 - n_2)]}$$

etc., and

$$1 - s_1 = \frac{pn_1 a\partial}{(p - 1) [an_1 + b(1 - n_1)]}$$

$$1 - s_2 = \frac{pn_2 a\partial^2}{(p - 1) [a\partial n_2 + b\rho(1 - n_2)]}$$

4. Determination of money wages and the intersectorial distribution of the productive forces

The two pairs of unknowns, s and n , are determined by each pair of equations: by summation of s and $1 - s$, we obtain n which, taken in the equation determining s , gives us s .

We have:

$$n_1 = \frac{1}{p(1 - \partial)}$$

$$s_1 = \frac{p[(1 - \partial) - 1] [a + b(p - 1)]}{(p - 1) \{a + b[p(1 - \partial) - 1]\}}$$

$$n_2 = \frac{1}{p(1 - \partial)}$$

$$s_2 = \frac{p[(1 - \partial) - 1] [a\partial + b\rho(p - 1)]}{(p - 1) \{a\partial + b\rho[p(1 - \partial) - 1]\}}$$

etc.

We therefore obtain s in terms of the parameters. We note that the distribution of productive forces must remain constant from one phase to the next.

Discussion of the parameters:

$$(1) \text{ Condition } n < 1 \text{ requires } p > \frac{1}{1 - \theta}$$

as also $\theta \neq 0$ and $P \neq 1$, $n > 0$.

$$(2) \text{ Condition } 0 < s < 1$$

$$(a) \text{ condition } s < 1$$

It requires the numerator of the $s < 1$ than the denominator of the s which, after simplification, is expressed:

$$\text{for } s_1 \text{ by } -pa\theta < 1$$

$$\text{for } s_2 \text{ by } -pa\theta^2 < 1$$

These conditions are always fulfilled, the parameters being all positive.

$$(b) \text{ condition } s < 1$$

the condition $p > \frac{1}{1 - \theta}$ means that:

$$p - > 0$$

$$a + b(p - 1) > 0$$

$$p(1 - \theta) - 1 > 0$$

$$\text{and } a + b[p(1 - \theta) - 1] > 0$$

Since each component of the numerator and of the denominator of s is positive, s itself is also positive.

Similarly, we have:

$$p(1 - \theta) - 1 > 0$$

$$a\theta + b\rho(p - 1) > 0$$

$$a\theta + b\rho[p(1 - \theta) - 1] > 0$$

$$\text{Hence } s_2 > 0$$

We therefore have only one limiting condition as follows:

$$P > \frac{1}{1 - \theta}$$

5. Rate of surplus value and organic compositions

The ratio of money wages is defined by:

$$\frac{s_2}{s_1} = \frac{[a\theta + b\rho(p - 1)]\{a + b[p(1 - \theta) - 1]\}}{[a + b(p - 1)]\{a\theta + b\rho[p(1 - \theta) - 1]\}}$$

and

$$\frac{1 - s_2}{1 - s_1} = \frac{\theta[an + b(1 - n)]}{a\theta n + b\rho(1 - n)}$$

As regards the organic compositions in value γ_1 and γ_2 , they are defined as follows:

$$\gamma_1 = \frac{[n_1 + (1 - n_1)] e_1}{[an_1 + b(1 - n_1)] s_1}$$

and

$$\gamma_2 = \frac{[n_2 + (1 - n_2)] e_2}{[a\theta n_2 + b\rho(1 - n_2)] s_2}$$

with e_2 , s_2 , and n_2 known. Simplifying, we have:

$$\gamma_1 = \frac{ap(1 - \theta)}{[p(1 - \theta) - 1][a + b(p - 1)]}$$

and

$$\gamma_2 = \frac{a\theta p(1 - \theta)}{[p(1 - \theta) - 1][a\theta + b\rho(p - 1)]}$$

Hence,

$$\frac{\gamma_2}{\gamma_1} = \frac{\theta[a + b(p - 1)]}{a\theta + b\rho(p - 1)}$$

First case: $\theta > \rho$. Improvement in productivity is faster in Department II. We can check that the organic composition rises ($\gamma_2 > \gamma_1$) and so does the rate of surplus value ($s_2 < s_1$).

Second case: $\theta < \rho$. Productivity rises more rapidly in Department I. The organic composition and the rate of surplus value fall.

Hence, since organic composition and surplus value rate must vary over time for dynamic equilibrium to be achieved, we can attempt to find out what happens to the profit rate.

If it is defined in value terms by relating the surplus value to the amount of equipment utilized, that is:

$$\eta_1 = \frac{(1 - s_1) [an_1 + b(1 - n_1)]}{n_1 e_1 + (1 - n_1) e_1}$$

and

$$\eta_2 = \frac{(1 - s_2) [a\partial n_2 + b\rho(1 - n_2)]}{n_2 e_2 + (1 - n_2) e_2}$$

we have, by replacing e_1 , e_2 , s_1 and s_2 by their values in terms of the parameters:

$$\frac{\eta_2}{\eta_1} = \frac{an + b(1 - n)}{a\partial n + b\rho(1 - n)} \times \frac{a\partial n + b\rho(1 - n)}{an + b(1 - n)} = 1$$

The conclusion is that, as a trend, the profit rate in dynamic equilibrium is independent of the relative improvements in productivity in each of the two Departments, since the change in the surplus value rate required for supply and demand to be in dynamic equilibrium must compensate for that of organic composition, which is precisely determined by the ratio of productivity improvements ∂ and ρ .

6. Real hourly wages

We define real hourly wages as $s'_1 = \frac{s_1}{e_1}$ and $s'_2 = \frac{s_2}{e_2}$.

After simplifying, we have:

$$\frac{s'_2}{s'_1} = \frac{a + b[p(1 - \partial) - 1]}{a\partial + b\rho[p(1 - \partial) - 1]}$$

Since ∂ and ρ are positive and less than 1 we can check that $s'_2 > s'_1$, that is, real hourly wage must rise in all cases as soon as technical progress is achieved in I, II, or both.

7. Growth of production and labor power

The growth of production (at constant prices) in Department I is defined as:

$$\frac{E_2}{E_1} = pn = \frac{1}{1 - \partial}$$

That of labor power is:

$$\frac{T_2}{T_1} = \frac{a\partial n + b\rho(1 - n)}{an + b(1 - n)} \cdot pn$$

or, if we replace n by its value:

$$\frac{T_2}{T_1} = \frac{a\partial + b\rho[p(1 - \partial) - 1]}{(1 - \partial)\{a + b[p(1 - \partial) - 1]\}}$$

The growth in net product (production of equipment over and above replacement needs plus consumer goods production) at constant prices (prices during phase 1) is given as follows:

$$\frac{P_2}{P_1} = \frac{(E_2 - E'_2) e_1 + C_2 + c_1}{(E_1 - E'_1) e_1 + C_1 + c_1}$$

where E_2 and E_1 represent capital equipment production during phases 2 and 1, and E'_2 and E'_1 , the capital equipment replacement need (obviously $E'_2 = E'_1$). Furthermore, as we have:

$$\frac{E_2}{E'_2} = \frac{E_2}{E_1} = \frac{E_1}{E'_1} = \frac{1}{1 - \partial}$$

$$C_1 = E_1 q(1 - \eta)$$

$$C_2 = E_2 q(1 - n)$$

as well as e_1 , c_1 , and n , we find:

$$\frac{P_2}{P_1} = \frac{1}{1 - \partial}, \text{ identical to } \frac{E_2}{E_1}$$

The growth of the net product is governed by the improvement in productivity achieved in Department I.

Labor power grows only if:

$$\frac{a}{b} > \frac{(1 - \partial - \rho)[p(1 - \partial) - 1]}{2\partial - 1}$$

8. Numerical examples

The table below gives the solution of the dynamic equilibrium problem with different values for the parameters:

Case		1	2	3	4	5	6	
Parameters	a	4	4	4	4	4	4	
	b	4	8	4	4	4	4	
	p	3	3	5	5	3	30	
	q	6	10	6	6	6	6	
	∂	1/2	1/2	3/4	1/2	1/2	0.95	
	ρ	1/2	1/2	1/2	3/4	1	1/2	
Prices	e_1	2	2	1	1	2	0.14	
	e_2	1	1	3/4	1/2	1	0.13	
	e_3	1/2	1/2	9/16	1/4	1/2	0.12	
	c_1	1	1	5/6	5/6	1	0.69	
	c_2	1/2	1/2	11/24	7/12	5/6	0.36	
	c_3	1/4	1/4	25/96	5/12	3/4	0.19	
Proportion	n	2/3	2/3	4/5	2/5	2/3	2/3	
Wages								
	Nominal (money)	s_1	1/2	5/8	1/4	3/4	1/2	0.34
		s_2	1/2	5/8	11/56	21/26	5/8	0.22
Proportion	Real	s_2/s_1	1	1	11/14	14/13	5/4	0.63
		s'_1	1/2	5/8	3/10	9/10	1/2	1/2
		s'_2	1	5/4	24/56	18/13	3/4	0.63
Ratio	s'_2/s'_1	2	2	10/7	20/13	3/2	1.25	
Organic composition	γ_1	1	3/5	1	1/3	1	1/10	
	γ_2	1	3/5	15/11	5/21	3/5	0.18	
	γ_2/γ_1	1	1	15/11	15/21	3/5	1.84	
Growth	E_2/E_1	2	2	4	2	2	20	
	T_2/T_1	1	1	14/5	13/10	4/3	16	

Case 1: equal organic compositions, equal improvement in productivity in the two departments.

Case 2: unequal organic compositions, equal improvement in productivity in the two Departments.

Case 3: equal organic compositions, unequal improvement in productivity (here $\partial > \rho$).

Case 4: the reverse assumption to the preceding case ($\partial < \rho$).

Case 5: limiting case of 4—improvement in productivity is confined to Department I ($\partial = 1/2$ while $\rho \rightarrow 1$).

Case 6: case 3 tending to be limiting, improvement in productivity being confined to Department II ($\rho = 1/2$ while $\partial \rightarrow 1$).

The first three cases are those dealt with in the main text. We note:

(1) that in all cases, the real hourly wage rate must rise ($s_2/s'_1 > 1$);
 (2) that the surplus value rates and the organic compositions do not change from one phase to the next if improvement in productivity is the same in the two Departments;

(3) that the results of 3 and 4 with respect to the surplus value rates and the organic compositions are the reverse of each other;

(4) that the results of 5 are similar to those of 4 of which it is only a limiting case with respect to the evolution of the surplus value rate and the organic compositions;

(5) that, on the other hand, case 3 cannot be taken to the extreme limit ($\partial = 1$), since the problem only allows a solution if $\partial \neq 1$ (and $p > \frac{1}{1-\partial}$). In case 6, we only approach it ($\partial = 0.95$).

When ∂ tends to 1 ($\partial \rightarrow 1$), p on the other hand must tend toward ∞ . Quantities n , s , and γ remain finite. We note that $\frac{s'_2}{s'_1} \rightarrow \frac{a-h}{a-b\rho}$ which is always > 1 . The rates of growth $\frac{E_2}{E_1}$ and $\frac{T_2}{T_1}$ tend toward infinity.

We also note

(6) that the necessary labor force increases in all the cases

examined here. If, on the other hand, we had chosen $\partial = 3/4$, $\rho = 1/8$, $a = 1$, $h = 20$, and $p = 5$, we would have had a contradiction as regards the labor force ($T_2/T_1 = 11/12$).

9. Final Remarks: the limitations of the model

This model has no more merit than any other model. Its first limitation is that the first two equations which describe the initial situation in year 0 already define a real wage level for phase 1, technologies for each Department, and an allocation of resources (a distribution of capital equipment and labor power between the two Departments). These three exogenous "data" are interdependent. We can start with a different situation, another real wage level, and a different corresponding "resource" allocation. A mechanistic philosophy which equates social science with natural science would raise the question of which is the "independent variable" among wage, technologies, and resource allocation. The question raises a false problem since the starting point derives from actual history, i.e., the situation as it was shaped by the previous class struggle. The model simply shows us that, starting with this situation, accumulation in a capitalist mode requires real wages to grow. If the model illustrates the history of central capitalism in England, the starting point would be the year 1850, when the model already represents the essence of what has become English society—justifiably termed a capitalist mode. This initial situation is the result of a previous historical period, i.e., the transition from the feudal to the capitalist mode. The model does not apply to this other period since the nature of the system is different. We cannot eliminate historical materialism to replace it with economics.

The second limitation stems directly from the first. Economics, hence the functioning of the capitalist mode, can be put into equation form. Historical materialism, hence the history of a social formation—whether central or peripheral capitalist, in transition or not—cannot be put into equation form. Among others the transition to capitalism both at the center and at the

periphery also cannot be so treated. Each of these transitions is specific, characterized by its own class alliances, and entails different situations as starting points. Furthermore, the peripheral formations have such a specific nature that this model cannot be applied to them. The limitation can therefore be expressed as follows: the model unilaterally gives the meaning of the objective forces in the capitalist mode; it does not solve the question, which must be placed within the context of historical materialism (of the analysis of concrete social formations) because it cannot even raise this dialectical question.

The result is that the model meets some definite barriers. A striking example lies in the discussion of the conditions. In the hypothetical case where $\partial = 1$, i.e., where the technology in Department I is stagnant, p becomes infinite, i.e., equilibrium from one phase to the next becomes impossible unless one regards each phase as having an infinite duration, which is meaningless. Therefore technology is not neutral and dynamic equilibrium requires it to improve in the context of capitalism. Furthermore, in the same way as the system is governed by the rule of profit maximization, technological research, and hence its results, will be oriented in a certain way so that ∂ and ρ will result in the dynamic equilibrium for the bourgeoisie (the rate of profit) being "acceptable."

Built in order to illustrate unilaterally one aspect of the problem, this model is necessary a simple one. First, it is discontinuous—equilibrium is achieved from one phase to the next by a sudden change in ratios and relative prices—whereas in reality the adjustment is continuous. Second, we have assumed that the surplus value was accumulated in toto. This assumption excludes from the model the necessary condition for the reproduction of the bourgeoisie, which is obviously absurd. However, this absurdity does not hinder the demonstration of the unilateral aspect of the question concerned. Here a digression may be useful to throw light on some aspects of the problem: reduced in this way, does our model describe a "pure" capitalism without capitalists, that for example of an abstract state? The answer is no, since capitalism would then have the characteristic that capital would not be both social and individual (fragmented) but only

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social. It is a new mode of production, and for this reason I have described the Soviet mode as *sui generis*.¹ The dominant state class must certainly consume a proportion of the surplus value to reproduce itself. But with the disappearance of capital circulation, the law which determines this proportion is different from that which characterizes the capitalist mode.

The assumptions also give us a high growth rate: the GDP doubles from one phase to the next (in cases 1, 2, 4, 5) thanks to the "saving" of a high proportion of the product (between 25 percent and 50 percent according to the case). We could have come closer to realistic assumptions by considering the proportion of the surplus value consumed to be such that the "saving rate" would be about 20 percent of the GDP, by considering a different "resource" allocation between the two Departments, and adequate rates of improvement of productivity (θ and ρ), in order to obtain for example, a doubling of the GDP from one phase to the next. Each phase would be considered to last about ten years (or an annual rate of growth of 7 percent), this period corresponding to the period of gestation of investment decisions, obsolescence of equipment and, formerly, that of the economic cycle. The model would have been "realistic" but in no way more illuminating.

—September 1973

Notes

Introduction

1. Samir Amin, *Unequal Development* (New York: Monthly Review Press, 1976).
2. See Amin, Faure, Hussein, and Massiah, *La crise de l'impérialisme* (Paris: Minuit, 1975).
3. Piero Sraffa, *Production of Commodities by Means of Commodities* (New York: Cambridge University Press, 1961).
4. These eclectic efforts of Oscar Lange and Kantorovitch, vulgarized later by the "liberal" school of Liberman, Brus, and Sik went bankrupt, theoretically and practically, when compared with the Western workers' movement, but they evidently remain the basis for what is left of "Soviet Marxism."
5. See Samir Amin, *L'échange inégal et la loi de la valeur* (Paris: Anthropos, 1973).
6. See Amin, *Unequal Development*, ch. 1.
7. *Reading Capital* (New York: Pantheon, 1971); *For Marx* (New York: Pantheon, 1970).
8. Paul A. Baran, *Political Economy of Growth* (New York: Monthly Review Press, 1962); Paul A. Baran and Paul M. Sweezy, *Monopoly Capital* (New York: Monthly Review Press, 1966).
9. P.-P. Rey, *Les alliances de classes* (Paris: Maspero, 1973).
10. Herbert Marcuse, *One-Dimensional Man* (Boston: Beacon Press, 1964).
11. This critique was developed in Latin America, especially by Andre Gunder Frank, Fernando Henrique Cardoso, Anibal Quijano, and Alonso Aguilar.
12. A route begun in 1957 in my unpublished thesis entitled, "The Integration of Precapitalist Economies into the World Economy,"

- and followed by work on the Maghreb, West Africa, the Ivory Coast, Guinea, Ghana, Mali, and the Congo.
13. See Chapter 3 in this volume, "In Praise of Socialism."
 14. The same point of view has been developed by Carlo Benetti, Claude Berthomieu, and Jean Cartelier, *Economique classique, économie vulgaire* (Paris: Maspero, 1975).
 15. See Chapter 2 in this volume, "Capitalism and Ground Rent."
 16. See Gustave Massiah, "Division internationale de travail et alliance de classes," in Amin, Faire, Hussein, and Massiah, *La crise de l'impérialisme*.
 17. Since the expression "state capitalism" is ambiguous in that it designates a number of incongruous situations, Michel Beaud has suggested an expression that strikes us as more appropriate—"state collectivism."
 18. See Chapter 5 in this volume, "The Crisis of Imperialism."
 19. This idea has been suggested to me by Gustave Massiah.
 20. This point of view corresponds to that of Catherine Quiminal, *La politique extérieure de la Chine* (Paris: Maspero, 1975).
 21. Pierre Broué's *Révolution en Allemagne* (Paris: Minuit, 1971) will convince the reader that, contrary to the conviction of the author, no revolutionary perspective was possible in Germany in the years 1917-1923.

Criticism of Microeconomics

1. See the analysis of the peasant economy by A. V. Chayanov, *The Theory of Peasant Economy* (Chicago: Aldine, 1966), or that of the feudal economy by Witold Kula, *Théorie économique du système féodal* (The Hague: Mouton, 1970).
2. In the novels of Balzac and Zola the precise descriptions of consumer behavior reveal these characteristics better than all the economics textbooks.
3. E. H. Chamberlin, *The Theory of Monopolistic Competition* (1931; Cambridge, Mass.: Harvard University Press, 1962); Joan Robinson, *The Economics of Imperfect Competition* (1933; New York: St. Martin's Press, 1969).
4. Piero Sraffa, *Production of Commodities by Means of Commodities*, (New York: Cambridge University Press, 1961).
5. See Chapter 2 in this volume, "Capitalism and Ground Rent."

6. See Chapter 7 in this volume, "The Problems of the Environment."
7. See Chapter 9 in this volume, "Education, Ideology, and Technology."
8. Yvon Bourdet, *La délivrance de Prométhée* (Paris: Anthropos, 1970); *Pour l'autogestion* (Paris: Anthropos, 1973).
9. Charles Prou, "A propos des prix de référence" (shadow prices), mimeo, Paris, CEPE, 1973.

Capitalism and Ground Rent

1. A more detailed treatment will be found in *Unequal Development* (New York: Monthly Review Press, 1976), ch. 1.
2. Concerning this subject, see the studies by Daniel and Alice Thorner, *Land and Labor in India* (1962; New York: Asia Publishing House, 1974), and *The Emergence of Capitalist Agriculture in India*, mimeo, Dakar, IDEP, 1973.
3. Louis Althusser, *For Marx* (New York: Pantheon, 1970) and *Reading Capital* (New York: Pantheon, 1971). See also Chapter 3 in this volume, "In Praise of Socialism."
4. Luca Meldolesi, *La teoria economica di Marx* (Turin: Einaudi, 1971).
5. Karl Kautsky, *Die Agrarfrage* (The Agrarian Question) (Stuttgart: J. H. W. Dietz, 1899).
6. See Samir Amin, *L'échange inégal et la loi de la valeur* (Paris: Anthropos, 1973). Of course, if the products are not so specific as they appear to be, the whole conventional theory of supply and demand, the basis of marginalism, falls apart, revealing itself as a crude tautology.
7. My analysis of rent agrees with the conclusions reached by P.-P. Rey, *Les alliances de classes* (Paris: Maspero, 1973).
8. Witold Kula, *Théorie économique du système féodal* (The Hague: Mouton, 1970).
9. See Christian Palloix, *Problèmes de la croissance en économie ouverte* (Paris: Maspero, 1969); Samir Amin, *Unequal Development*, ch. 3.
10. Lenin, *The Development of Capitalism in Russia* (1899; New York: Beekman, 1969).
11. A. V. Chayanov, *The Theory of Peasant Economy* (Chicago: Aldine, 1966); *Peasants and Peasant Societies* (Harmondsworth, Middlesex: Penguin, 1971).

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12. See, among others, M. Gervais, E. Servote, and J. Weil, *Une France sans paysans*, and H. Mendras, *La fin des paysans*.
13. See Hassan Riad, *L'Égypte nassérienne* (Paris: Minuit, 1965), pp. 26-31, 138-49.
14. W. W. Rostow, *The Stages of Economic Growth* (New York: Cambridge University Press, 1960). For a bibliography concerning these debates, see Amin, *Unequal Development*, pp. 400-07.
15. Samir Amin, "Sous-développement et dépendance en Afrique noire," *Tiers Monde*, no. 52 (1972).
16. Samir Amin. "C.N.U.C.E.D. III. Un bilan," *Bulletin of Peace Proposals*, no. 3 (Oslo, 1972).
17. Samir Amin, *Migrations in West Africa* (London: Oxford University Press, 1974).
18. P.-P. Rey, *Colonialisme, néo-colonialisme et transition du capitalisme* (Paris: Maspero, 1971).
19. Rolf G. Gustavsson has drawn my attention to these changes in progress.
20. "The Golden Calves Could Help Us All," *The Economist*, October 6, 1974.

In Praise of Socialism

1. Utopia is not a synonym for the impossible: on the contrary, since we are able to imagine a coherent society, such a society is a possibility. The utopian socialists of the beginning of the nineteenth century are not utopian because of the vision they express, but because of their notion of the way to achieve it.
2. See Samir Amin, *Unequal Development* (New York: Monthly Review Press, 1976), ch. 1.
3. *The German Ideology*, R. Pascal, ed. (New York: International Publishers, 1939), pp. 56-57.
4. Certain feminist tendencies, by exalting the so-called feminine virtues of gentleness, have greatly contributed to our awareness of the decisive role that the allegedly masculine virtues of "virility" (read: brutality, stupidity, arrogance, and discipline) play in the mechanisms of alienation. But the dominant tendencies either limit themselves to a demand for equal treatment (a just demand, but one that is strictly nonliberating, like all economic demands), or advocate the creation of a separate, isolated feminine world. This latter objective, impossible and utopian in the ordinary sense of the word, is quite in line with

American tradition. See also S. Amin, I. Eynard, and B. Stuckey, "Féminisme et lutte de classes," *Minuit*, no. 7 (1974).

5. For criticism of these remarks, and the author's clarification and defense, see "In Praise of Socialism: An Exchange," *Monthly Review* 27 (November 1975): 52-59.
6. Like certain tendencies in the women's movement, the hippie movement thinks it can create an isolated paradise, without transforming society. But one cannot create a civilization of use-values in a land where commodity is king.

The Crisis of Imperialism

1. I have analyzed this function, emphasizing the imports by the rising "Atlantic" European centers of luxury goods supplied by the merchant bourgeoisie which monopolized the Atlantic trade and organized this production in America, in *Unequal Development* (New York: Monthly Review Press, 1976), pp. 183-91. The genesis of the underdevelopment of America and Africa goes back to that period.
2. Here the analysis must be conducted on three planes: (1) that of the theory of "markets" (see below); (2) that of the theory of rent and of the international division of labor between agriculture and industry (see Chapter 2 in this volume, "Capitalism and Ground Rent"); and (3) that of the genesis of outward orientation and underdevelopment (Amin, *Unequal Development*, pp. 205 ff.).
3. Amin, *Unequal Development*, ch. 1, especially pp. 25-26.
4. *Ibid.*, pp. 60-72 (theory of value, prices, rent, capitalist accounting of the use of natural resources, monopoly prices: in short, the theory of "capitalist rationality" and its limitations), and pp. 76-78 (autocentric accumulation).
5. *Ibid.*, pp. 84-88.
6. *Ibid.*, pp. 92 ff.
7. *Ibid.*, pp. 104 ff. (criticism of the apologetic theory of international relations, of the pseudolaws concerning the equilibrium of the balance of payments, etc.); see also my presentation of the work by Ga-Kwame Amoah and Oscar Braun, *Relations internationales et sous-développement* (Paris: Anthropos, 1974).
8. Amin, *Unequal Development*, pp. 63ff. and pp. 153ff.
9. *Ibid.*, ch. 3 and pp. 104 ff., 153 ff., 203 ff.
10. One finds here once again the theory of agricultural ground rent in conjunction with formal subordination (see Chapter 2 in this volume,

"Capitalism and Ground Rent"), and the theory of the price of access to natural resources (problems of the "environment," pillage of the natural resources of the periphery, discussed in *Unequal Development*, pp. 153ff.) which make up the essential elements of the theory of unequal exchange.

11. For all these debates, the reader is referred to the works of Lenin (especially *Economic Romanticism* and *The Question of Markets*), Rosa Luxemburg (*The Accumulation of Capital—An Anti-Critique*), N. Bukharin (*Imperialism and World Economy, Imperialism and the Accumulation of Capital*), J. A. Hobson (*Imperialism*), R. Hilferding (*Finance Capital*), and the Austro-Marxist school. Because Rosa Luxemburg did not really understand imperialism, certain prophetic insights of Otto Bauer (notably when he predicted the massive emigration of proletarians from the periphery to the center) seemed "ridiculous" to her. Rosa Luxemburg, who confused new imperialism with old expansionism, claimed the contrary, citing the example of migration from Europe, where capital was "overabundant" and generated a "growing relative overpopulation," to America; those were, in fact, migrations which accompanied the birth of capitalism in the center and not imperialism.
12. Lenin's imperialism is then reduced to the repetition of the "five" characteristics. That which is contingent (e.g., the relations between banks and industries, especially typical of Germany, or the form of *rentier* states) becomes absolute dogma. The Soviet work by E. Varga and L. Mendelsohn, *New Data for Lenin's "Imperialism"* (New York: International Publishers, 1940), is typical.
13. Trotsky's theory of the "permanent revolution," to be sure, involves an analysis in terms of unequal development; but this theory is not linked directly to the problem of imperialism and the role of the periphery in the socialist revolution, because Trotsky remains "economistic" and retains a "West-centered" outlook, underestimating the importance of the peasant and colonial question, Gramsci's arguments concerning the "southern question" allude directly to the class alliances in question (Italian bourgeoisie of the north, latifundia of the south) and to the resulting "underdevelopment" of the south. However, it was Baran who established positively the relation between imperialism and underdevelopment, which is only implied by Lenin. See Paul Baran, *The Political Economy of Growth* (New York: Monthly Review Press, 1957).
14. Especially in "The National and Colonial Question," *Selected Works* (Davis, Cal.: Cardinal, 1971).

15. Especially in "The New Democracy," *Selected Works*, vol. 2 (Peking: Foreign Languages Press, 1965), pp. 339-384.
16. This "possible" evolution has little to do with the Kautskyist argument of "superimperialism." The earliest reference seems to be, apart from Marx himself (in the *Critique of the Gotha Programme*), Bukharin's hypothesis concerning state capitalism, a capitalist model reduced to a single capitalist (perfect centralization of capital), a hypothesis intended to demonstrate that accumulation is still possible without "crises," even if real wages remain at a standstill, provided that the state consumes the surplus (*Imperialism and the Accumulation of Capital*). The analysis by Baran and Sweezy in terms of surplus and ways of absorbing this surplus by a kind of Department III was quite essential here. In *Unequal Development*, presenting this problem as the capitalist outcome of the development of productive forces (pp. 68 ff.), I claimed that the Soviet mode of production appears to be ahead of its time (p. 370).
17. The phases of the nineteenth century can be characterized by the then leading industries, the modalities of competition, the extent of the zone of central capitalism, and international equilibrium. Regarding Marx's observations on the colonial problem, see *Unequal Development*, pp. 198-99. Marx, who had correctly analyzed the situation in Ireland (its impoverishment), in Spain (first formulation of the uninterrupted revolution), and who had called on all proletarians to unite, proclaiming that "a people which oppresses another cannot be free," even foresaw imperialism (proletarianized East confronting a bourgeoisified West).
18. Amin, Faire, Husséin, and Massiah, *La crise de l'impérialisme* (Paris: Minuit, 1975).
19. G. Massiah has shed light on the exact nature of what we called the revisionist alliance—the foundation of social-imperialism—in Amin, Faire, Hussein, and Massiah, *La crise de l'impérialisme* (Paris: Minuit, 1975).

International Trade and Imperialism

1. Carlo Benetti, *Valeur et répartition* (Paris: Maspero, 1974), p. 47.
2. See Samir Amin, *Accumulation on a World Scale* (New York: Monthly Review Press, 1974), pp. 199 ff.; *Unequal Development* (New York: Monthly Review Press, 1976), pp. 226 ff.

3. See Samir Amin, *Unequal Development*, pp. 136-38.
4. See Chapter 2 in this volume, "Capitalism and Ground Rent"; and *Unequal Development*, pp. 63 ff.
5. See Chapter 1 in this volume, "Criticism of Microeconomics"; and *Accumulation on a World Scale*, pp. 457-58.
6. "Commerce international et impérialisme." in Ga-Kwame Amoa and Oscar Braun, *Echanges internationaux et sous-développement* (Paris: Anthopos, 1974).
7. Benetti, *Valeur et répartition*, p. 100.
8. *Ibid.*, pp. 128-29.
9. Amin, *Unequal Development*, p. 60.
10. Bertrand Nogaro, *La valeur logique des théories économiques* (Paris, 1974).
11. Amin, *Unequal Development*, pp. 151-52.
12. Amin, *Accumulation on a World Scale*, p. 37.
13. See Chapter 2 in this volume, "Capitalism and Ground Rent."
14. See Amin, *Unequal Development*, pp. 183-91; 209-14.
15. *Ibid.*, pp. 73 ff.
16. *Ibid.*, pp. 101 ff.
17. See "Une crise structurelle," in Amin, Faire, Hussein, and Massiah, *La crise de l'impérialisme* (Paris: Minuit, 1975).
18. Amin, *Unequal Development*, pp. 63ff. See also Alain Lipietz, *Le tribut foncier urbain* (Paris: Maspero, 1974), pp. 169ff.
19. Benetti, *Valeur et répartition*, p. 132.
20. When Joseph Schumpeter distinguished between Marx the philosopher, Marx the sociologist, and Marx the economist, he demonstrated that he did not know who Marx was. It should be noted that a Marxist criticism of Sraffa is being published (C. Benetti, S. de Brunhoff, and S. Cartelier, *Éléments pour une critique marxiste de P. Sraffa* (Amiens colloquium, 1973).
21. A good example of "Marxian economics" is provided by Michio Morishima, *Marx's Economics* (New York: Cambridge University Press, 1973).

The Problems of the "Environment"

1. See his contributions to the preparatory sessions of the Stockholm conference, especially that held in Founex (Switzerland) in June 1971.

The Lesson of Cambodia

1. For a brief colonial and neocolonial history of Cambodia, see Jean-Claude Pomonti and Serge Thion, *Des courtisanes aux partisans, La crise cambodgienne* (Paris: Idées Actuelles, 1971). See also the report by René Dumont, "Les possibilités de développement de l'économie agraire khmère," mimeo, F.A.O., 1964; Khieu Samphan, "L'économie du Cambodge et ses problèmes d'industrialisation," mimeo, Paris, 1959; and Hou Yuon, "La paysannerie du Cambodge et ses projets de modernisation," PhD. diss., Paris, Faculté de Droit, 1955. Unfortunately the essay by Julien Cheverny, *Eloge du colonialisme, Essai sur les révolutions d'Asie* (Paris, 1961), though written with talent, only sees the grotesque features of the neocolonial power, and overlooks the imminent revolution. The study by Philippe Devilliers, "Le Cambodge," in *L'Asie du Sud-Est*, vol. 2 (Paris: Sirey, 1971) is well documented on the political events. In English, see Malcolm Caldwell and Lek Tan, *Cambodia in the Southeast Asian War* (New York: Monthly Review Press, 1973), ch. 1; Milton E. Osborne, *The French Presence in Cochinchina and Cambodia* (Ithaca, N.Y.: Cornell University Press, 1969) and *Politics and Power in Cambodia* (New York: Longman, 1974); David J. Steinberg and H. H. Vreeland, *Cambodia* (New Haven, Conn.: Human Relations Area Files Press, 1959); and John F. Cady, *The Roots of French Imperialism in Eastern Asia* (Ithaca, N.Y.: Cornell University Press, 1967); Norodom Sihanouk, *My War with the CIA* (New York: Pantheon, 1973). For a history of Laos, which has interesting analogies, see Nina S. Adams, Alfred McCoy, eds., *Laos, War and Revolution* (New York: Harper and Row, 1971); and Philippe Devilliers, "Le Laos," in *L'Asie du Sud-Est*.
2. For a description of precolonial Cambodia, see Solange Thierry, *Les Khmers* (Paris: Seuil, 1964); and, in English, D. G. E. Hall, *A History of South-East Asia*, 3rd ed. (New York: St. Martin's Press, 1968).
3. It was doubtless because of this confusion that Rey and Terray were at cross purposes concerning the lineage societies. See P.-P. Rey, *Les Alliances de classes* (Paris: Maspero, 1973), *Colonialisme, néo-colonialisme et transition au capitalisme* (Paris: Maspero, 1971); Emmanuel Terray, *Marxism and "Primitive" Societies* (New York: Monthly Review Press, 1975).
4. The process of turning "feudalism" into latifundary capitalist ownership in Egypt is analyzed in Hassan Riad, *L'Égypte nassérienne* (Paris: Minuit, 1965). Fernando Enrique Cardoso, Enzo Falletto, and

Andre Gunder Frank made the same kind of analysis for Latin America, and the Indian case was studied by Frederick Clairmonte, among others. For this whole question, see *Unequal Development*. For the significance of the bourgeois land reforms, consult also the work of Michel Gutelman, *Structures et réformes agraires* (Paris: Maspero, 1975), and the abundant literature concerning the contemporary "green revolution," such as the works of René Dumont and Keith Griffin.

5. Rey, in *Les Alliances de classes*, has studied the process by which the precapitalist relations of domination were revived by dominant capitalism.
6. G. Althabe, in *Oppression et libération dans l'imaginaire* (Paris: Maspero, 1973), has analyzed this global opposition of rural society to capitalism represented by the foreigner, the town, and the government.
7. The case of the French Congo has been studied along these lines by Catherine Coquery-Vidrovitch and P.-P. Rey.
8. The ideas set out here are the result of discussions with Cambodian, Vietnamese, African, and Malagasy colleagues. The comrades of the Cambodian People's Party, the leading nucleus of the FUNK, were responsible for the formula, "Unite those whom exploitation and imperialism have divided." To the Vietnamese is due the tradition of "firmness plus flexibility."

The End of a Debate

1. Samir Amin, *Unequal Development* (New York: Monthly Review Press, 1976).
2. Arghiri Emmanuel, *Unequal Exchange* (New York: Monthly Review Press, 1972).
3. *Ibid.*, introduction.
4. Samir Amin, *Accumulation on a World Scale* (New York: Monthly Review Press, 1974), pp. 147-48; *Unequal Development*, pp. 198-99.
5. Such, for example, is the mechanistic linear view of Trotskyism, according to which the socialist revolution must first originate from the developed capitalist countries. According to Trotsky, the degeneration of the Russian revolution stemmed from the failure of the German revolution. It does not occur to the Trotskyists that the

breakdown of the worker-peasant alliance beginning with the collectivization of the 1930s (in the forms in which it was carried out) was the basis of the formation of the new class, as pointed out by the Chinese.

6. Bettelheim, "Preface," in Emmanuel, *Unequal Exchange*; "Débat sur l'imperialisme, rapports internationaux et rapports de classe," *Politique Aujourd'hui*, no. 12 (1969); Christian Palloix, "L'imperialisme et l'échange inégal," *L'Homme et la Société*, no. 12 (1969):219.
7. Nikolai Bukharin, *Imperialism and World Economy* (New York: Monthly Review Press, 1972). See my comments on this error of Bukharin's in *Unequal Development*.
8. The main purpose of my two last publications (*Accumulation on a World Scale* and *Unequal Development*) was precisely to try to understand the meaning of the domination of the capitalist mode over other production modes, and to draw the main conclusion concerning the specificity of accumulation at the center and at the periphery; since my first critique in 1957 (which was still economic) of "the economics of underdevelopment" I have arrived, as from 1965, at what now seems to me a clearer understanding of these fundamental questions.
9. Arghiri Emmanuel, "Echange inégal et développement inégal," *Politique Aujourd'hui*, no. 12 (1969).
10. See *Unequal Development*, ch. 2: the internal critique of marginalism with which I started in 1957 has led me to see this tautological feature which reveals the ideological, nonscientific nature of university economics.
11. Emmanuel, "Echange inégal et développement inégal," p. 79.
12. The movements of peoples throughout history, emigration to the new world, migration of labor within the center, belong to other sets of problems. International migrations from the periphery to the center which began with groups of skilled people (brain drain) have only just begun and are negligible in relation to the size of the labor force still being exploited inside the periphery itself.
13. Christian Palloix, "La question de l'échange inégal, une critique de l'économie politique," *L'Homme et la Société*, no. 18 (1970); Emmanuel, "Echange et développement inégal," p. 78.
14. Emmanuel, *Unequal Exchange*, ch. 2, sect. 2.
15. Palloix, "L'imperialisme et l'échange inégal," p. 21; Bettelheim, "Débat," p. 87.

16. As I have already shown with respect to precapitalist distant trade which brings autonomous production modes into contact with one another.
17. The social, global nature of capital was especially highlighted with regard to its consequences concerning value and "transformation" in a previously unpublished chapter of *Capital, Un chapitre inédit du Capital* (Paris: Maspero, 1971). This now appears in English as the Appendix in the new edition of *Capital*, Pelican Marx library "Results of the Immediate Process of Production"—eds. See Claudio Napoleoni, *Lezioni sul capitolo sesto inedito di Marx* (Turin: Borinieri, 1972).
18. Rossana Rossanda and Charles Bettelheim (*Il Manifesto* [Paris, 1971], pp. 208 ff.) have rightly pointed out that it is this proletarianization, completed or not, which has transformed the peasant masses of the periphery into a reserve army for socialism.
19. Amin, *Unequal Development*, ch. 2, presents an internal critique of general equilibrium and quantitativism by showing the necessary nature of this "formal" solution and hence, the "ideological," "nonscientific" nature of "economics." Once again, the critique of economics was necessary to reach the level of the underlying philosophy and epistemology, to abandon economism in order to understand history (historical materialism).
20. Arghiri Emmanuel, "La question de l'échange inégal," *L'Homme et la Société*, no. 18 (1970), p. 54.
21. Piero Sraffa, *Production of Commodities by Means of Commodities* (New York: Cambridge University Press, 1961).
22. Jagdish Saigal, "Réflexions sur la théorie de l'échange inégal," in Samir Amin, *L'échange inégal et la loi de la valeur* (Paris: Anthropos, 1973), and Oscar Braun, "L'Échange inégal," in Gakwame Amoia and Oscar Braun, *Echanges internationaux et sous-développement* (Paris: Anthropos, 1974).
23. For the debate on "markets," see V. I. Lenin, "Economic Romanticism," "On the question of markets"; Rosa Luxemburg, *The Accumulation of Capital* (complete bibliography of the debate at the time); Michael Tugan-Baranowsky, *Studien zur Theorie Und Geschichte der Handelskrisen in England* (Jena, Germany: G. Fischer, 1901). My own view is given in *Unequal Development*, pp. 171 ff.
24. I believe I have established the role of credit in *Unequal Development*, ch. 2, my answer to the "question of markets."
25. The question of the mobility of labor obviously falls into this context. It is essential and calls for an inclusion of "national phenomena" (which derive from the political and ideological planes) into the overall analysis, which cannot remain at the level of the base (the economic plane). We must therefore go beyond economics to historical materialism.
26. Joan Robinson, *An Essay on Marxian Economics* (London, 1941; New York: St. Martin's Press, 1966).
27. Amin, *Unequal Development*, ch. 2.
28. E. H. Chamberlin, *The Theory of Monopolistic Competition* (Cambridge, Mass.: Harvard University Press, 1931); Joan Robinson, *Economics of Imperfect Competition* (London, 1935; New York: St. Martin's Press, 1969); Paul Baran and Paul Sweezy, *Monopoly Capital* (New York: Monthly Review Press, 1966).
29. Paul Baran, *The Political Economy of Growth* (New York: Monthly Review Press, 1957); Harry Magdoff, *The Age of Imperialism* (New York: Monthly Review Press, 1969).
30. Amin, *Unequal Development*, pp. 30 ff.
31. Emmanuel, "Echange inégal et développement inégal," p. 79.
32. Amin, *Unequal Development*, pp. 149 ff.
33. Emmanuel, "Echange inégal et développement inégal," p. 80.
34. This, indeed, is the real tendency of the system, as can be seen from the development of runaway industries (*Unequal Development*, pp. 188 ff.). For this discussion see Isaac Minian, *Costes comparatives e intercambio desigual et Comercio internacional e intercambio desigual*, unpub. PhD. diss., Santiago, 1972.
35. Emmanuel, *Unequal Exchange*, p. xiii.
36. See Amin, *Unequal Development*, pp. 163 ff., where I deal with the question of double factorial terms of trade.
37. *Ibid.*, pp. 138 ff. The previously unpublished chapter of *Capital*, and Napoleoni's work support this thought.
38. This is why I devoted whole chapters of *Unequal Development* to the history of the transition which P.-P. Rey has dealt with elsewhere in empirical terms (*Colonialisme, néo-colonialisme et transition au capitalisme* [Paris: Maspero, 1971]) and theoretical terms (*Les alliances de classes* [Paris: Maspero, 1973]).
39. Amin, *Unequal Development*, pp. 293 ff.
40. I dealt with this question at the abstract level using Ricardo's assumptions, in *ibid.*, pp. 133 ff. Saigal, in Amin, *L'échange inégal* shows that one of the partners loses not only in trading terms but also in potential growth.
41. Amin, *Unequal Development*, pp. 215 ff.
42. *Ibid.*, pp. 351 ff. (debate on "marginality").

43. See Emmanuel, *Unequal Exchange*, pp. 126 ff., "Le Colonialisme des 'poor whites' et le mythe de l'impérialisme d'investissements." *L'Homme et la Société*, no. 22 (1971), and "Les salariés des pays développés sont-ils plus exploités que ceux des pays sous-développés" and "Les effets des variations des salaires dans un système économique ouvert," two mimeographed documents, University of Grenoble, June 1969.
44. Hence my conclusion that unequal exchange only started with the end of the nineteenth century, in conjunction with monopolies and imperialism. See *Unequal Development*, pp. 163 ff.
45. For a distinction between the young centers and the periphery see *ibid.*, pp. 365 ff.
46. Bettelheim, "Débat."
47. See *ibid.* and an article in *Le Monde*, November 11, 1969.
48. Ruy Mauro Marini, "Dialectica de la dependencia," PhD. diss., Santiago, CESO, 1972; F. H. Cardoso, "Notes sur l'état actuel des études sur la dépendance," PhD. diss., Dakar, IDEP, 1972.
49. On "transformation" see the complete bibliography in Napoleoni, *Lezioni sul capitolo* or Paul Sweezy's global study, *The Theory of Capitalist Development* (New York: Monthly Review Press, 1942) which analyzes the original contributions by Borkiewicz, Natalie Moszkowska, Konrad Schmidt, and others. See also the articles by J. Winternitz, *Economic Journal*, January 1948, and F. Seton, *Review of Economic Studies*, June 1957.
50. Emmanuel, "La question de l'échange inégal."
51. Napoleoni, *Lezioni sul capitolo*, (my translation).
52. Oscar Braun, *Comercio internacional e imperialismo*, vol. 11 (Buenos Aires: Siglo XXI, 1973), p. 89 (my translation).
53. This is why I was able to understand that socialism is not "capitalism without capitalists." To think that in full socialism one should indulge in "economic calculations" similar to those of capitalism is to show the lack of imagination which is a result of economic alienation. Bettelheim has forcefully highlighted this point, showing that the Chinese, in practice, discarded the very concept of accumulation, even of so-called "socialist" accumulation. See Bettelheim, *Cultural Revolution and Industrial Organization in China* (New York: Monthly Review Press, 1974).
54. See Amin, *Unequal Development*, ch. 2, sects. 2 and 4, for this question in relation to the cycle.
55. Concerning the falling rate of profit, see the bibliography in Paul Sweezy, *The Theory of Capitalist Development*, and David

- Horowitz, ed., *Marx and Modern Economics* (New York: Monthly Review Press, 1968). In *Unequal Development and Accumulation on a World Scale*, I did not go further than this "economistic" point: I tried to establish a law of profit rate in terms of "economic theory." The question is wrongly put. It should be in terms of "historical materialism."
56. This interpretation of Marx's argument is presented in Josef Steindl, "Karl Marx and the Accumulation of Capital," in Horowitz, ed., *Marx and Modern Economics*, pp. 244-69.
57. See *Unequal Development*, pp. 100 ff., where I deal with the monetarist "solution" to the problem of "stagnation."
58. Mark Blaug, "Technical Change and Marxian Economics," in Horowitz, ed., *Marx and Modern Economics*, p. 234. Blaug refers to H. M. Gillman, *The Falling Rate of Profit* (London: Dobsen, 1956).
59. In *Unequal Development*, pp. 157 ff. I proposed a periodization of capitalism and stressed the future prospects.
60. Oliver Cox, *Capitalism as a System* (New York: Monthly Review Press, 1964).
61. Emmanuel, "Le Colonialisme des 'poor whites.'"
62. Suzanne de Brunhoff, "Note critique sur l'utilisation des statistiques et l'interprétation de l'impérialisme de Emmanuel," *L'Homme et la Société*, no. 22 (1975).
63. Palloix, "Impérialisme et l'échange inégal."
64. Cox, *Capitalism as a System*.
65. Braun, "L'Echange inégal."
66. Giovanni Arrighi, *Rossegna Comunista*, nos. 1-4 (1972); Andre Gunder Frank, "Limitation de l'étendue du marché interne par la division internationale du travail et par les relations de production," Dakar, IDEP, 1972; see also Marini, "Dialectica de la dependencia."
67. Karl Marx, *The Poverty of Philosophy* (Chicago: Charles Kerr, 1920), p. 226.

(continued from front flap)

can be summed up in the following words, occurring near the end of the last essay: "The societies of the capitalist centers are sufficiently rich, the interlocking of interests sufficiently complex, the feeling for the privileges which imperialism stimulates sufficiently shared, for these societies to be able to wait for some decades yet in a kind of slow decomposition. On the other hand, the societies of the dominated periphery no longer can wait. With every passing year, the material conditions of their vast masses becomes more intolerable, while the palliatives of capitalist integration become increasingly worthless."

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Imperialism and Unequal Development

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