

Revolutionary Communist League of Britain

Conference on the Political Economy of Imperialism

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SOME IDEAS ON THE POLITICAL ECONOMY OF THE WORLD SYSTEM

The following is work in progress. It is not a finished paper on the world economy, but at this stage simply an attempt to investigate certain themes which such a paper would need to cover. It therefore makes no pretence at being an all-sided presentation. At the moment we are mainly at the stage of posing the questions, and examining some directions in which the enquiry could proceed.

Some basic points of orientation

First, some points should be made about the necessary standpoint which such a study would have to adopt. It must be emphasised that nothing has happened which has in any way undermines the correctness of Marxism as a world-view. Bourgeois economists have alleged that wealth is produced by the co-operation of different elements in society according to a division of labour within society and internationally, which is supposed to be either 'natural' or according to some kind of 'comparative advantage'. Marx on the contrary pointed out that these divisions are historically conditioned and exploitative. These correct points have been reinforced by the Black radical tradition hitting back against the notion of the 'natural' dominance of 'races', and the feminist tradition has further greatly strengthened the repudiation of assumptions about the 'natural' character of unequal divisions, which is incomplete with Marx.

Capitalism creates fantastic wealth...why doesn't it distribute this 'fairly'? Its apologists have deployed many arguments, but what these boil down to in the last analysis is that if people keep quiet and keep their noses to the grindstone in order to enable still more wealth to be produced, sooner or later the benefits will 'trickle down' to them. But today there is no more evidence of this happening than at any time in capitalism's history. This throws us back to the truth enunciated by Marx, namely that the source of wealth is exploitation. Thus the poverty of the masses is an inseparable condition of wealth as long as capitalism exists. He used the term 'pauperization' to describe the misery of the masses which will increase even as productive capacity grows. The puzzling phenomenon of the stubborn unwillingness of the system to distribute the wealth it is constantly creating is thus revealed as the essence of the system itself!

Lenin introduced many new ideas, but if you try to put the most essential in one sentence it is that under conditions of imperialism, capital exploits not just classes, but nations. If we look at the condition of the masses in the oppressed nations as a concomitant of the fantastic wealth created by capitalism, then everything fits together as a startling confirmation of Marx's ideas. Quite simply, exploitation is the source of wealth. The system is thus irrational from a human point of view, but it is important to understand that it won't collapse of its own accord. Hence, the justification and

necessity of revolution. As Chairman Mao pointed out, "Marxism consists of thousands of truths, but they all boil down to one sentence - 'It is right to rebel'". In the following argument, these basic truths, which have been lost sight of by many learned theoreticians, should be ever-present for us. It is a question of class stand - and we must add, of anti-racist and anti-sexist stand.

This is not to say that the actual application of Marxist science to concrete problems is a simple or straightforward matter. From the basic standpoint of serving the masses worldwide we face a serious task in grasping both Marx's method and the detailed historical analyses which he put forward of capitalism as it actually works. It is our task to apply these to the current world economy. Revisionism on the one hand befores the straightforward truth that exploitation is the essence of capitalism, and on the other hand destroys the many-sidedness and richness of Marxism, imposing simplistic and unilinear ideas which bear no relation to the complexity of life as it really is. These distortions are what we must fight against.

Women's, class and national struggles

A necessary foundation is a certain viewpoint on human relations in the context of production on a broader historical canvas. This is obviously not the time and place to do this, but one basic point can just be made here: the Marxist stress on the material conditions as primary in no way means that there is a purely 'economic' area of human activity. The term 'world economy' which we used in the heading is only an unsatisfactory and indeed distorting shorthand. In fact the basic features of the system of production - by features we really mean contradictions which, according to the dialectical view are not a kind of anomaly, but in fact the essence of a thing - are reflected in the activities and struggles of humans and especially groups of humans, and mediated through them. Indeed these relationships among groups of humans do not just mediate or 'react upon' the base, they themselves are the mechanism of the resolution of the contradictions in the base.

The three major forms are women's struggle, class struggle and national struggle. This formulation is obviously reminiscent of Mao's "three revolutionary struggles" - the class struggle, the struggle for production and scientific experimentation. However, there are weaknesses in his formulation.

There are in fact certain problems with the struggle for production and scientific experimentation if they are seen as an objective process of the economic base. In practice, these movements are in no way merely neutral with respect to class, national and women's struggles. [On the question of women's oppression, for example, see BLEIER]. Our work on the ecological approach to science among indigenous peoples joins

with the feminist critique of the notion of 'mastery' of nature. In reality there is both unity and opposition in the relationship between humanity and nature, but capitalism has tended to see this relation as only antagonistic, and Communism has to a certain extent taken this perspective on board.

The women's struggle is not traditionally recognised as having a distinct existence and is accordingly absent from many Marxist formulations. But it is undoubtedly a revolutionary struggle in its own right.

In addition to revolutionary struggles there are also struggles between rival groups of oppressors. Both at a class and national level, such struggles are an extremely important question in analysing the subject under consideration, and they do undoubtedly serve to mediate the contradictions in the base. Another perhaps controversial point in our formulation is that national struggles, or more properly the pattern of relations between population groups, is not something which can entirely be reduced to a manifestation of class struggle. It has an independent existence, and interlinks with the other two great struggles.

Our treatment of the main subject will need to cover the following questions: [a] the background in terms of the overall historical logic of capitalist development, and in particular the periodization of capitalism as a whole, as a means to understanding the characteristics of the present epoch as a period. [b] nature of the crisis of the 1970s in the context of some general points about the Marxists theory of crisis. [c] the nature of the restructuring of capitalism during the 1980s, and the tendencies within the system at present.

HISTORICAL PERIODS IN THE DEVELOPMENT OF CAPITALISM

Historical and Logical analysis

There is a twofold line of enquiry, logical and historical at the same time. This point, emphasised strongly by NABUDERE [1990] is reflected in many of the particular questions under consideration, including that of accumulation (see below). In making definitions, one of the key elements in Marx's dialectics was precisely his ability to make abstractions, that is abstraction of elements extraneous to that particular definition. [see ILYENKOV p. 79] Revolutionary analysis thus develops through a dialectic between the abstract and the concrete. As UNO has pointed out, the historical dimension of capitalism is particularly reflected in the stages theory. In a more complete formulation, we could perhaps say that the intersection between the local and historical is reflected in three particularly crucial areas of theory: complex social formations, stages, and uneven development.

The schematic representations of the circuits of capital, particularly in Capital Volume II made abstraction of international factors. This, though not intentionally on Marx's part, created ammunition for Eurocentrism, because what was supposed to be a logical analysis was read as if it was historical. As SZENTES correctly states [SZENTES p. 23], this led to confusion over what should be the basic unit of analysis: the assumption was that this should be the national economy, whereas in truth it is the world economy. LUXEMBURG understood that the reproduction schemes necessarily make abstraction of 'third persons', i.e. of the international factors. Whether or not we agree with her that these external factors are equivalent to accumulation, we must recognise that the historically specific dimension of capitalism is both a question of accumulation on a world scale, and of the development of this process through the dimension of time, i.e. through stages. It is as if the reproduction schemes are one-dimensional (classes) and the historically concrete assessment is three-dimensional (class, nation and history).

The development of capitalism accross time.

In terms of historical stages, there are four different levels of analysis: [a] the succession of predominant modes of production, (i.e. capitalism as something which succeeded feudalism and will be transcended by socialism), [b] the three historical eras of capitalism (see below), [c] long cycles linked with structural readjustments, and [d] cyclical crises.

Our concern here is not the history of capitalism per se, still less of modes of production in general. What we are essentially concerned with is imperialism. We want to understand the historical and cyclical momentum within imperialism. This necessitates looking into its significance

5

as an epoch, both the historical conditions which gave rise to it and thus its background (the transcendence of certain characteristics of earlier periods), and its essential characteristics (what makes us consider it a single system despite its evolution through long cycles with radically changing characteristics.)

The first era was that of mercantilism and the second that of industrial capitalism, out of which imperialism emerged. The orthodox Leninist view was that imperialism was the final stage, because it would inevitably give rise to revolution, though this could be open to discussion. We cannot enter into the first of these periods and what interests us in the second is mainly the process of change leading to imperialism. The non-Eurocentric tradition has taught us that the connecting thread running through these three eras was centre-periphery relations, organised in a certain way. Mercantilism was characterised by manufacture. Capitalist investment was primarily in trade, and there was frantic rivalry between the great powers, without dominance by any one power. Competition and protectionism was the order of the day. The period of industrial capitalism down to the last quarter of the nineteenth century was a period when capitalist relations were consolidated in a number of countries and investment was primarily in industry. Particularly there was a process of developing a heavy industrial base. This was the period when Marx wrote, and undoubtedly his analysis is still relevant to succeeding phases, notably to imperialism. This leads to the point that capitalism is a single phenomenon (mode of production), despite the different phases. Some authors have argued that mercantilism was in fact the pre-history of capitalism, which would throw into relief the common characteristics between industrial capitalism and imperialism. This period was characterised by the hegemony of England, who was able to profit primarily through free trade, and one faction of 'little Englanders' even considered that colonies were a burden.

Origins of imperialism

The transition to imperialism was brought about by some very sharp contradictions within the industrial capitalist system: [a] cyclical crises caused extremely severe dislocation (perhaps linked with the predominance of heavy industry); [b] problems of accumulation, which have to be seen on a world scale; [c] pauperization, accentuated by the policy of squeezing the masses to compensate for the falling rate of profit. After the Paris Commune and the 1873 cyclical crisis, there was the painful transition to a new era. Intensified dependent accumulation (creaming off surplus value from the colonial world to the metropolitan countries) now made it impossible for new central capitalist states to emerge in the periphery (according to AMIN at least, this is the major distinguishing characteristic of the era of imperialism).

Hence there was the transition to imperialism. The first long cycle from the 1880s to the first world war was one of frantic growth and change in the structural character of capitalism. This included the end of free-enterprise capital and the transition to monopoly, a result of capitalism's own immanent movement: competition is gradually eliminated through repeated crises. The old regime of accumulation was preserved in based on heavy industry. The workforce was exploited more intensely still under the auspices of the old industrial enterprise structure, through Taylorism. The crisis of accumulation was delayed through a rapid extensive spread of colonialism, but not intensively in a structural sense (no dependent industrialisation, though there was process of breaking up domestic economies in the interest of introduction of cash-crops). The basis for rivalry was laid by the great powers now overlapping in their production of the same heavy industrial goods, while heavy industry also directly fuelled this conflict through the arms race (the latter being also a recipient of the commodities over-produced through heavy industry. The state itself became an active element not just in orchestrating the social conflicts which arose against the background of these developments, but also as an organ within the economic base itself.

Crisis of the 1920s and '30s

The second long cycle from 1914 to 1945 revealed the weaknesses in this setup in an all-round way. Once again we should emphasise that economics was not a 'backdrop' to the revolutionary struggles and international conflicts of this period, these processes mediate the tendencies in the base and the result is history. There was no solution to the problem which manifested itself as an insoluble structural crisis. At best certain features pointed the way forward to future solutions, e.g. neo-colonial independence in the Middle East, beginnings of dependent industrialisation in India, New Deal in the USA and the Good Neighbour policy towards Latin America.

The Communist movement did not grasp this historical process entirely correctly. Rosa Luxemburg raised the issue of accumulation on a world scale, but she understood the broad historical sweep of the process more accurately than the concrete manifestations of these trends in terms of particular social formations. Communists saw that the revolutionary potential was enormous, but there was a failure to distinguish between factors peculiar to that particular long-cycle, and factors characteristic of the imperialist period as a whole.

Thus the movement evolved a theory to the effect that there was a 'general crisis' of capitalism. This theory took as its starting point the fact that the situation was one of prolonged stagnation which was not merely cyclical. Economists in Russia, particularly Kondatrieff, did raise the question of long cycles, but since they were largely bourgeois specialists

7

their ideas were put forward in an ultra-mechanistic form which failed to recognise the role of the class and national struggles within the base. Hence these theories were open to attack and were easily defeated. [see the important study by DAY, which is quite an eye-opener] Faced with capitalist stagnation which was not merely cyclical, and refusing to recognise long cycles, official communist theory thus landed in a position of seeing capitalism as caught in an insoluble position, which could only result in revolution.

After World War II, capitalism clearly moved into a new long cycle characterised by three major features: [a] multilateralism including a switch back from protectionism and exclusivity in the direction of free trade, under the auspices of US hegemony. [b] neo-colonialism including elements of dependent industrialisation, [c] Keynesianism. There was a switch to a regime of accumulation based on production of consumer goods, and a massive restructuring of centre-periphery relations, without ultimately calling into question the overall relations of dependency.

Nature of the world-economy after 1945

The post-war boom was brought about under conditions of a transition to multilateral and neo-colonial forms of domination which generated a whole new range of different forms of exploitation.

Primitive accumulation had attended the process of industrialisation in the existing industrialised countries. It had two aspects, domestic and international. Domestically there was the breakup of traditional, pre-capitalist sectors, and internationally there was colonial robbery, piracy of resources and precious metals, and the slave trade.

What happened after 1945 is that the latter process was carried on under new forms, while at the same time there were introduced into the third world countries a process which bore some similarity to the domestic aspect of primitive accumulation, through tactics such as dependent industrialisation or the green revolution, with the difference that the resources generated through this process now served not to lay the basis for independent capitalist development in the countries concerned, but rather were creamed off in the direction of the imperialist countries, to fuel the expansion there. While according to some theories differences in the rate of profit were ironed out through the increasingly integrated world economy, disparity in the value of labour power between centre and periphery only widened. Greater demand for raw materials in no way led to an increase in price, on the contrary, the differential between prices of raw materials and industrial goods also widened. This was precisely the basis for the capitalist expansion.

Within the imperialist countries, there was a switch to consumer-led industrial development, placing increased emphasis on the production of articles of consumption. Keynesian and Fordist ideas, which had been worked out earlier, were explored to the full, while Taylorist principles in the organisation of industry itself were also intensified.

The Keynesian era in historical perspective

The nostalgics among bourgeois economists see Keynesianism as a brilliant idea which has now somewhat inexplicably been abandoned. It is correct in criticising monetarism to say that the latter is a completely false and hypocritical system of ideas which is more a form of cynical propaganda than a real basis for policy. But what people like Stewart fail to understand is that Keynesianism was itself simply a response to a particular developmental phase in capitalism.

It is in this context that we can bring in some of the ideas employed by LIPIETZ, notably the concept of 'regime of

9

accumulation'. As we said, in the first phase of the industrial revolution, concern was mainly with producing the means of production, and in the second phase the main emphasis has been on producing articles of consumption. Thus there was strong concern with purchasing power of the population. The inter-war period was a desperate transitional period of trial and error in which the new strategies were worked out against the background of severe dislocation brought about by unsuccessful attempts to manage the crisis provoked by this changeover.

But the characteristic which is particularly important to note in the era of Keynesianism-Fordism is that it was that part of the period of the regime of accumulation based on production of articles of consumption which took place before the full maturing of the scientific-technological revolution (STR). Thus it could and did take full employment as a goal of policy. While the focus of industrial production had been revolutionised, and thus also its social base, the productive process itself had not been. After the war there was a switchover of production from arms to consumer goods without changing the physical structure of production as such; the work-process was further restructured, along Taylorist lines, but this was not in itself something new. In fact Taylorism, which misled Lenin into viewing it as the last word in modernity, a scientific system which was apparently above classes [see SLATER for a critique of this position], can be seen as a rearguard action of the old industrial system which could only be maintained by a fascistic type of discipline within the workplace.

Social implications of the post-war boom

It is very important to point out that the rise in purchasing power of the working class was a strategy to help capitalism. This has often been neglected in the discussion about 'buying-off' etc. Even expenditure on social services was, according to Keynesian philosophy, seen as a way of injecting more into the economy so as to keep up the level of demand. The particular architecture of women's oppression in the post-1945 restructuring played a very significant role in structural changes in the mode of accumulation.

Of course contradiction is the life-blood of any phenomenon, and there is no rest in nature. There is ceaseless movement, and everything is coming into being or withering away, which is itself the transition to a new coming-into-being. Each sub-phase in the history of capitalism includes a period when it is on the ascendant, which at the same time means it is painfully being built, and a period of decline. The cycles are in fact divided into A and B phases by some authors. Thus even within a phase of resurgence of capitalism, the process of restructuring which is inherent in that resurgence carries inescapably with

it the possibility of revolutionary advance. Revolutionary struggles bring about a transition into a new era, but the problem is that this has still been change within the overall context of capitalism.

The use of working class purchasing power as the basis for capitalist regeneration carried with it the possibility of establishing the value of labour power at a higher level. Taylorist discipline was used to contain the working class, but it had as its necessary basis the persistence of the old model of industrial organisation, which in fact created its downfall by providing a focus for the organisation of labour. This crisis came to a head in the severe social dislocation around the time of 1968.

Anti-colonial struggles are another aspect of the forces unleashed by the instability characterising even the expansionist phases of capitalism. What is characteristic of expanding cycles is however an ability to subsume these changes, even unwelcome ones, within the overall web of capitalism.

SOME POINTS CONCERNING THE UNDERSTANDING OF CRISES

Crisis and restructuring following the post-war boom

The post-1945 period, with all its major innovations, has itself given way to a new period of dramatic changes, which we are now living. What we have to do is look at how this came about in historical terms. There are three major aspects to the restructuring which appears to be happening today. One is the change in the labour process and the orientation of production in the capitalist countries, linked with the STR; the second is the restructuring of relations with the third world, on a renewed basis of dependency; and the third is the complete absorption of Eastern Europe into the capitalist world economy. As a prelude to discussing these processes, we must look at the world economic crisis which began from the late 1960s, because on the one hand these changes were a response to the crisis, while on the other the crisis itself served as a mechanism for the introduction of these changes.

In order to understand the present system we must try to understand both the Marxist theory of crises and the specific historical background to the present. The basic theory discussed by Marx is clearly fundamental, while there are also aspects which are changed by the conditions of imperialism, notably monopoly. Certain issues, which Marx did discuss, such as credit, have expanded in the contemporary imperialist economy to a qualitatively different level. Understanding it in a dynamic way, we will know which way the system is tending. In this paper in its present form we cannot give any systematic treatment of crisis theory, and will confine ourselves to highlighting a few aspects which appear to be particularly relevant to the present situation.

Accumulation of capital

In general we can probably say that capitalist crises are associated with the process of 'over-accumulation', the effect of this upon the rate of profit and the imbalance between different sectors, together with changes in the organic composition of capital. It is clear that there are cyclical crises and that certain of these are overlaid by new factors which also make them, without losing their cyclical character, structural. In understanding crises, particularly structural ones, one of the important issues is accumulation, and it is worth looking a bit further at what this signifies.

In simple commodity conditions money is an intermediary in the exchange of two commodities. Under capitalism on the other hand, the commodity is an intermediate state between two masses of capital, of which the second is different, i.e. larger: M-C-M'. The goal of capitalism is to increase or accumulate capital. At its most basic, accumulation simply means using surplus value as capital, i.e. re-investing it in production

rather than simply consuming it (the proportion consumed is often referred to as 'revenue').

At a certain level this process could even be grasped by the bourgeoisie: industrial expansion is influenced by the volume of profit and the rate of its re-investment. From this level of analysis one can reach certain interesting insights, as KOLKO does for example, e.g. that the USA has not been accumulating over the recent period, and the importance of credit in what intestment there has been has only amplified the problem. However, not to go beyond this level of analysis is quite insufficient for understanding the structural aspects of the crisis, and this is the basic limitation of KOLKO's work.

There is also a historical way of understanding accumulation. RUSSELL has set it out as follows in four basic phases, i.e. (1) primitive accumulation in which the means of production are initially separated from the labourer and turned into capital, (2) Accumulation on the basis of capital itself, (3) Concentration and partial socialisation of the means of production, with the capitalists in a role of 'functionaries' or 'commanders' of the system, in Marx's terms, (4) the resolution of the contradiction through the reuniting of labour with the means of production at a higher level. In fact, this formulation is very insufficient because as we pointed out above, in making the step from the logical to the historical mode of analysis, the first thing to bear in mind is to surmount the Eurocentrism implicit in the abstraction from the international context which accompanies analysis of the pure capitalist mode of production. This particular formulation is also unilinear in that it sees socialism as a kind of prolongation of capitalism. In reality, socialism is more likely to come about initially in areas where the means of production are only weakly socialised, or even not at all in terms of the indigenous society, in that accumulation feeds away from the periphery towards the centre whereas the dynamic of revolution is in the opposite direction. The most important aspect of accumulation historically has been at the expense of non-European societies, as LUXEMBURG perceived.

As we pointed out above, historically speaking there are the three great historical phases, there are the cyclical crises and in between these the more complex 'long cycles' which may be characterised by switches to different regimes of accumulation, all within the context of the dominant phase of capitalism. In the first, mercantilist phase there was primarily manufacture, i.e. handicraft carried out in a factory setting and through division of labour. The area of Department I (production of the means of production) was small, both absolutely and relatively. Crises of the type which occurred under industrial capital were not possible, so it is clear that the characteristics of this period were quite different, and indeed this is the reason why this period could perhaps be seen as prehistory in relation to capitalism overall. It could

be noted in passing that there probably were long cycles during this historical phase, which raises the question of whether long cycles under mature capitalism involve elements other than those of the classic crisis-mechanism, super-imposed upon the pattern of cyclical crises.

However, in the industrial capitalist period, the crisis mechanism came fully into play. The striving to accumulate necessarily involves pushing out vast quantities of commodities. In particular, Department I, tends to increase very rapidly. During the industrial capitalist stage it was undisputedly the leading factor in the whole system.

Mechanism of capitalist crises

To view the crisis simply in terms of the creation of too many commodities to be absorbed by the market would be simplistic. The key element seems to be the rate of profit. If commodities have to be sold below their values the system will temporarily grind to a halt.

We can first discuss the question at the level of the process of production, although subsequently we must introduce distribution, i.e. demand. Following the general line of argument of Uno [see especially pp 53, 88], we can say that during the phase of prosperity, capitalism accumulates extensively on the basis of a given organic composition, absorbing surplus population created by the previous phase of depression. This has the effect of placing severe constraints on the availability of labour, leading to a rise in the value of labour power itself, which can be established at a higher level (SWEETZEY speaks of a rise in wages, but this is surely insufficient).

Simplifying somewhat, we could say that once this phase of extensive accumulation is completed there is a stimulus to revolutionise the production process itself in order to reconstitute the reserve army (the greater the technological element in production the less labour is needed). But here the dialectical process comes in, because it is impossible to move directly or immediately to this result. What happens is that the rise in wages and the value of labour power brings about a fall in the rate of profit. Capital is then temporarily withdrawn from circulation. A crisis results, and it is only in the ensuing depression period that the production process is revolutionised, thus renewing the basis for the existence of a reserve army, which in fact now already exists because of the effects of the crisis. Thus cyclical unemployment is transformed into structural, and the process of extensive accumulation begins anew. It should be noted that although Sweezy considers the rise in wages to be the main factor in the falling rate of profit, the more orthodox Marxist view would see it as springing from other factors as well (or this factor as reinforcing an existing trend), especially the change in the

organic composition of capital. But Marx does emphasise the importance of rising wages in the period preceding a crisis, in order to counteract the reformist argument that capitalism could save itself by allowing workers to consume a larger proportion of their product. He thus remarkably anticipated Keynesian arguments.

The crisis in concrete terms

All of these processes, in the real historical situation, take place in and through class, women's and national struggles. In the post-war period, even the surplus population created by previous depressions and the end of the war was not enough to fuel accumulation, and hence the two-fold process of transplanting migrant reserve armies, and later transplanting some parts of the production process itself via dependent industrialisation, was pursued. The line on forcing women back into the home post 1945 also reflects a predominant need to reconstitute the reserve army.

In fact, the process of adjustment of society to take account of the conditions created by full employment in terms of wages and the value of labour power does not in any way occur smoothly. The acute class struggles of the late 1960s were a medium in this process. Although Uno correctly seizes upon the fact that technical revolution occurs in a period of depression, it is naturally the case that this cannot be grasped on purely logical grounds in its entirety. It is certainly true at one level that firms are forced to be more competitive; moreover where means of production are idle anyhow it is not so much of a problem to write them off in the interests of investing in new means of production, while the capital to do this is also by definition available. But this is hardly a complete explanation. If we look at the real situation, however, it is not difficult to understand. The fact has been empirically observed that, in Britain for example, the capitalists did not create unemployment by means of the new technology, but rather took advantage of existing unemployment caused by the depression in order to bring in the new technology. [see BENSON and LLOYD] Here we see the class struggles as an active factor. Labour was simply in a weak position to resist this move. In fact an important element of restructuring was to 'rationalise' on labour rather than to automate the productive process per se. In Britain there was a massive investment in new technology in the textiles industry in the period after the recession of 1980-1, when there were huge job losses. In 1983-8 £5 billion were invested in new equipment. [Indep. 25.2.90]

The State and Capitalism

In fact, concentration has been a constant trend. At a certain level it seemed that the state was the highest point of concentration, and hence the trend towards concentration was equated with a general trend towards state-capitalism. But it was an error to confuse these two phenomena. There is no unilinear model of increasing state intervention. Some of the theoretical discussion was very non-dialectical in assuming that this was a unilinear process [see *Le Capitalisme monopoliste d'etat*], whereas in fact that tide of state intervention ebbs and flows at different epochs of the structural development of capitalism. An interesting linked point is that according to the argument of BERNAL, taken up by BENSON and LLOYD, state intervention is a characteristic associated with the development of the STR. Perhaps, however, we can rather say that it is associated with the period when the STR is beginning to come in. At certain critical junctures of capitalist restructuring the state can be called upon to play an important transitional role. Then what has been achieved can be carved up amongst the eager hordes of private capitalists, though even the Thatcherite model could in a sense be seen as interventionist because it uses the state's monopoly of power to smash the existing economic structure.

In fact by the eighties it is clear that concentration is logically progressing to a new level, which is a quantitative increase leading to a qualitative change. The process has now reached a stage where it overtakes the state. We have stressed the importance of imperialism. Still, the extreme proposition about the present era would be that imperialism is being transcended and was thus not the highest or ultimate stage of capitalism. We had always said that the TNCs were not really 'multinational' because they were inter-twined with the interests of particular imperialist states, essentially the USA. However this is no longer necessarily true. This deserves to be considered. To say this is not to argue for the vengeance of Kautsky. Unlike with his theory of ultra-imperialism, there can be no question of arguing that capitalism is organising itself or surmounting crises, let alone turning benevolent or welfare-orientated. This has to be looked at in the section where we deal with the structural character of the new system which is emerging.

The stance of the bourgeoisie in relation to crises is a dual one. They are extremely disruptive, but are also a mechanism for survival of the system. It would seem that the decade 1967-77 marked a period of disarray when the cyclical crisis exposed very severe dislocation in the structure of the world system. From the end of the 70s onwards the system much more took control of the crisis and used it for its own ends. At best we can say that there is a contradiction, in that on the one hand there is a clear tendency for capital now to transcend and even to undermine the state as an entity, while on the

other hand the state is in fact becoming increasingly important, not least as a mechanism to exercise dictatorship over those who suffer most from the process of restructuring. Again, the Thatcher decade in Britain was one of unprecedented concentration and centralisation of state power in political terms.

There is a process of cannibalising the state sector which would appear to be one of the main mechanisms of accumulation in the contemporary period. This exists within the capitalist countries themselves, but is now extended to the statist regimes, whether or not we regard these as another mode of production, but at the minimum they would appear to be different social formations where the mix of elements is very different from Western capitalism. It would seem that perhaps the Soviet model, while it was very efficient for concentrating economic power at the state level, was hopeless for moving beyond this level and hence was in danger of being left in the wings in the new capitalist drama. Hence Gorbachov.

But more of this later. In our view, this process is not the principal aspect of the basic readjustments making possible the restructuring of the economy in the capitalist heartlands, and in particular the rationalising of production through the introduction of the new technology. Clearly, hitherto the principal aspect of this process of cannibalisation of non-capitalist modes of production has been in relation to the third world.

Centre-periphery relations and the restructuring of the world economy

The above treatment of crisis theory has to some extent made a logical abstraction of international factors, and has stressed that the crisis did have part of its basis in conditions of production within the metropolitan countries. However, from an all-round point of view the question of relations with the third world is fundamental, and thus precedes (in importance, and probably also in time) the other two aspects of restructuring (namely, the organisation of the productive process itself and the incorporation of the Eastern bloc). This question is thus key for an understanding of the changes in world capitalism overall, and it is very important to grasp that the third world has essentially borne the cost of the restructuring.

The basis for the restructuring process was created in the 1970s, through the period which seemed to be leading to the New International Economic Order (NIEO). MLs were correct in assuming that the third world was central to the changes which were going on, but not in thinking that the demands as voiced by the regimes in question could outweigh imperialism. We were misled at the time of the Three Worlds Theory into thinking that the NIEO which was coming into being would be one in the interests of the developing nations. They seemed, in fact, to have the only coherent project. However, in reality, although the imperialists were confused about the right direction to move in, the objective laws of capitalism, and in particular the domination of the world economy by the central capitalist states, expressed themselves through the process of restructuring. Because this centre-periphery relationship is a characteristic embedded in the capitalist mode itself, it was naive, and reflected a very weak grasp of capitalism as a global phenomenon, to underestimate this factor.

The system operates in the interest of the centre, which is not the same as saying that the process was consciously directed by it. On the contrary, the disorientation of imperialism during this period which we perceived was real enough. This indeed created temporary conditions which could be taken advantage of by the developing countries to better their condition, though in most cases not permanently. Such improvements were however a secondary concomitant of the transition process, and not the essence of the transition itself.

Terms of trade

There were two aspects to the optimistic assessment of restructuring: one was the view that raw material prices could be increased and the other was that some transfer of industrial capacity would occur.

In dealing with the first of these aspects, it is essential to emphasise at the outset that through all the complexity of this period, the net result is that there has been a massive transfer of value which in fact duplicates that extracted from the oppressed nations in the early phase of the industrial revolution (robbing of the Americas and India), and which served to underpin the new industrial revolution of the 1980s.

This had a number of aspects. It has correctly been pointed out, e.g. by SZENTES, that it was an error, though understandable in the course of the necessary movement to overturn prevalent Eurocentrism, that the early third-worldist theories in many cases placed excessive emphasis on exploitation through terms of trade, whereas in reality the foundation of the exploitative system is production relations, and it is illusory to think terms of trade can be reformed while these remain intact. However, given this proviso, terms of trade undoubtedly were important.

Raw material prices have been falling on the whole, and this has been accelerated in more recent period. The IMF index of raw materials (including gold and oil) against industrial products has declined from base 100 in 1957 to lowest point ever of 66 in 1985. Only in 73-4 did it rise above 100 and this was clearly due to distorting effects of oil [GEORGE p. 62] When the industrialised world was afflicted by stagnancy at the beginning of the 1980s the effects were further shuffled onto the developing countries. 1981 was the first year since 1958 to show an actual decrease in world trade, in current dollar terms. 1980-1 OECD growth rate was only 1.25% and in the first half of the 80s world output growth (excluding China and eastern Europe) slowed to 1.4% for developing countries and 2.3% for developed countries. Since demand was stagnant, prices, which had already tended to decline at times of high demand, plunged still more. But it was not the prices of the industrial goods which fell, but rather those of the raw materials, which constitutes another form of transferring value. Between 1981 and 1985 world prices of food commodities fell at av. annual rate of 15%, agricultural raw materials by annual 7% and minerals by 6%. In 1986 alone there was a 30% decline in the terms of trade of developing countries which led to a \$94 B deficit with the industrialised world. [for the above figures see BROAD and CAVANAGH]

Commodity prices

There was a crucial assumption in the NIEO to the effect that bargaining for the setting of prices could give added muscle to the developing countries. However, this fails on a number of counts. At the most obvious level, the industrialised countries managed to make themselves less dependent on other raw materials than on petroleum. This was in fact done through the unfolding of the STR itself, and was indeed one of the main purposes of the STR. Hence the massive propaganda for diet

19

drinks to reduce reliance upon sugar or the introduction of fibre optics to cut reliance on copper. This process restores the dominant position in price-setting to the consumer countries. But also, at an even deeper level, it was false to assume that prices were in fact determined by bargaining, any more than they were by supply and demand. This is not the place for an overall political critique of the three worlds theory, but its assumptions on the question of raw material pricing were definitely wrong. In this context, an extremely important contribution has been made by Chibuzo NWOKE.

Indeed even the price of petroleum has come increasingly back under the control of the industrialised countries. In retrospect, it was probably illusory to see OPEC as dictating events. As FINE and MURFIN have argued, the underlying logic behind the oil price rise was to restore the profitability of US producers and provide enough profits to reassert the dominance of the majors, and "the ability of the OPEC countries to appropriate some of those revenues is a result, not a cause, of the oil price rise" [p. 9]. Of course for a while there were vast quantities of wealth in the form of petrodollars available to some third-world states. We will see a little later how the world-economy dealt with these. In fact it will become apparent that, perversely, even the effects of the petroleum price rise served in the long term to enslave the third world still further while promoting the industrialisation of the West. Subsequently, the collapse of petroleum prices was another way of transferring the cost of the crisis onto the third world. They fell from \$40 per barrel in 1979 to \$19 in 1988. [Le Monde diplomatique Nov 88] Borrowing by states on the basis of expected petroleum revenues in fact increased dependency: e..g by importing industrial complexes: this was the case in Algeria which planned on the basis of long-term petrol revenues. In 1988 Algeria was in debt to the tune of 20.7 bill \$ and repayments over the past two years cost 5.2 bill \$ [ibid].

Industry in the international division of labour

The third world has borne the cost of the restructuring, much as it bore the cost of the early phase of the industrial revolution. Any attempt to discuss the 'social cost' of the restructuring which forgets this fact is necessarily Eurocentric. The maturing of the STR happened at a time of massive transfer of capital from the oppressed nations to the oppressor nations. This actually created conditions where productive, as opposed to purely speculative investments can increasingly be made in the industrialised countries themselves. But the intervening period was one of very considerable investments in the developing countries, and even more considerable transfer of resources back in the other direction, in the form of debt repayments etc.

In the transitional period it seemed as though low technology industries would be relocated in the third world, hence the prospect of the NIEO could be dangled, partly as a carrot to make third world regimes, including those who could not be described as comprador ones, accept massive influxes of speculative loan capital which they might theoretically use to lay the foundations for industrialisation. But in fact central capital dictated this whole process according to its own imperatives.

From the early '60s onwards, in the pre-crisis period, there was a strong process of concentration in imperialist industry. While there are differences of interpretation about important details, for example in the case of Europe whether this process took place under the auspices of the US or in opposition to it, the trend was clear. The crisis of the early '70s marked a radical break in many ways, and was indeed accompanied by a shift from growth to decline. However, as is the way with crises, this only intensified the process of concentration, so in this crucial respect there was continuity. Internationalisation is in fact the next logical step onwards from concentration: "inherent in the conditions for continued profitable economic activity is the tendency for capital ever to broaden its sphere of operation, nationally as well as internationally" [MARCUSSEN and TORP p. 24] In this sense the rapid international deployment of capital in the '70s can be seen as proceeding from the imperatives of central capital rather than from those of the third world.

The so-called 'NIC' phenomenon

MARCUSSEN & TORP's argument goes further, in that they argue that the process of capital accumulation in the centre may itself now well give rise to conditions which can be taken advantage of by a few third-world countries. According to this view, Amin and Frank's analysis was quite correct when it was put forward, and also in general terms in contrast to the

liberal view which sees simply developed and under-developed and not the organic link between the two. However, a feature of uneven development may increasingly be differentiation between third world countries. There was during this period much talk about "newly-industrialising countries", or NICs.

But we have to see what the historical background to the NIC phenomenon was. In fact this philosophy was also an expression of imperialist interests. The old concept of third-world industrialisation espoused by the national bourgeoisie had been import substitution. It has been pointed out that this is not a reliable path to genuine development, simply because existing imports tend to be luxury goods consumed by the rich, so if industrialisation substitutes these it will not automatically create a system soundly based in terms of the masses of the population. Thus it was possible to take advantage of the failure of this model, as well as the weaknesses exposed in the state-bureaucratic model (as in Nasser's Egypt) to launch the Rostowite-Friedmanite strategy which is even more harmful because it dismantles the vestiges of introversion inherent in the earlier approaches. This is the phenomenon which AMIN refers to as recompradorisation. It was just in the seventies that imperialism was beginning to orchestrate a counter-attack against the state-capitalist model, as with Sadat's 'infitah' in Egypt. The NIC strategy was based upon total extraversion of the economy in question, even when the industrialised countries were becoming increasingly protectionist. It was made to appear as though a new era of third-world development would get underway, and the deployment of massive investments from the centre, in accordance with the centre's own imperatives, created the illusion of economic activity.

In the period 1960-73 growth of direct investment to developing countries was slower than that to developed countries, and within this period the trend was further accentuated from 1968. However, in the period 1973-8 there was a sudden shift and the trend reversed. [M&T p 25] Now, proportionally more direct investment flowed to the developing countries, and the trend of capital flow was actually much more marked if we include the massive increase in private bank lending, particularly in the form of the recycling of petrodollars, together with the greatly expanded role of export credits (in essence massive state aid from the industrial countries to subsidise their own exports). Within the field of exports of industrial countries, consumer goods stagnated, whereas the main focus was in actual productive capacity, including 'turnkey' factories.

Logic of the export of capital and industrial capacity

It would seem that the apparent 'investment' in some parts of the third world, which led to the illusion of growth, was characteristic of particular needs felt by the capitalist world during this period. There were two major aspects: the first

was loans. The repayment of interest has led to a massive transfer of capital from developing to industrialised countries, and this will remain an important historical trend of the 1980s no matter what subsequently happens to the so-called third world debt...even if the capital were to be written off in its entirety, the effects of that transfer will still be there. The second aspect was the offloading of surplus heavy industrial production which the industrial world needed to tide it over until it could restructure away from excessive concentration on classical heavy industries... something had to be done with the products rather than simply destroy them. These two aspects are intimately linked, in that loans could serve as a basis for purchasing industrial plant. This was a crisis of over-accumulation, expressed both in the existence of surplus industrial capacity and in the existence of capital which (in the circumstances of this surplus capacity) could not profitably be invested otherwise. Hence it was an ideal solution to export the capital and use this as a basis for exporting the industrial capacity as well. We accept the point that capitalism doesn't have to export capital because it absolutely cannot absorb it internally, but during a transitional period of restructuring this export undoubtedly was necessary.

If we accept that the overall shift was away from production of the means of production, it may well be that the central enterprises were offloading obsolescent equipment which was surplus to requirements in terms of the restructuring of their own economies. The general argument of such a shift to a new mode of accumulation is confirmed by YACHIR in his analysis of the crisis in the steel industry. Production in the industrialised countries fell spectacularly in 1975, though for a while there was still investment in fresh capacity since the nature of the crisis (i.e. structural) had not been understood. The EEC as a whole lost a third of its jobs in the sector 1973-82, while in Britain employment fell by 59%. There was a general fall in the rate of profit, even though the FRG and Japan managed to increase the mass of profit.

"This strong and persistent contraction of steel markets reflects the crisis of the accumulation model on which the world capitalist economy was based since the War. The main steel-consuming sectors, such as car manufacturing, consumer goods and the construction industry are no longer the poles of growth in the advanced capitalist countries." [YACHIR p. 13] He goes on to point out that "...this apparently classic crisis of overproduction is much more acute in the steel industry than in other branches of economic activity, because the contraction of the demand for steel is simultaneously a reflection of over-accumulation and of the crisis in the accumulation model itself." [ib]

As we have pointed out, all periods of restructuring are ones of instability, and this was certainly true of the 1970s; the fact that the logic was dictated by central capitalism does not mean the process was consciously planned or directed. Thus the development of some NICs during that particular set of historical circumstances is not contradictory to the theory of imperialism, or to centre-periphery theory. But nothing could be more false than to see this as a general trend which could be prolonged into the nineties. To begin with, we cannot generalise from the experience of South Korea and Taiwan which, in addition to their relatively small size are also bastions of anti-communism which it might suit the system to build up for political reasons. The crucial cases would have to be countries like Brazil, India or Egypt. The question would be whether world capitalism could create, in countries like these, an expanding and balanced economy geared to the demands of the basic masses of the population, an ecologically sound and self-sustaining system accompanied by a reasonable level of services and a humane political superstructure. Of course there is not a shred of evidence that it can. If it is true that South Korea is in the process of acceding to central capitalist status (which is on the cards, but by no means sure), the most likely explanation is that on the one hand as a bastion of anti-communism it was allowed to get away with building a kind of state capitalist setup which goes completely counter to the dogma of the NIC model handed out by the liberal economists, while on the other hand it was able to take advantage of certain temporary conditions. In the early stages, certain complete sectors, particularly shipbuilding, were 'lost' by the industrialised countries. Moreover, at the time when this was happening world trade was still expanding. This no longer applies. Most important, all that the transnational corporations (TNCs) are now prepared to decentralise is certain parts of the processes of production, while retaining overall control. This is facilitated by the management aspect of the new technology.

The period of apparently heightened economic activity in the third world, was actually forging the conditions of these countries' own accentuated enslavement. In particular the STR has heightened the dominance of the already rich countries, because it is increasingly difficult for the third world to compete. Also, as we have said, the present phase of the STR is concerned particularly with control of the production process, and it is precisely in the field of control that the overall world production process, including that of the decentralised sectors, is orchestrated through the medium of the TNCs in the interest of central capitalism. Even in the extreme case of S. Korea there is still a question mark over whether the process can really become autocentric, because the country does not exercise control over research and development.

The Soviet bloc

The puncturing of the NIEO has happened at the same time as the puncturing of the Soviet economic model.

Using the concept of 'regime of accumulation', as discussed by LIPIETZ, and applying it in a new context, it could be argued that the Soviet model - which appeared to guarantee rapid and stable growth - was not in fact something which could be prolonged ad infinitum. It worked during the early stage of industrialisation in promoting a phenomenon which had already taken place in the imperialist countries, i.e. accumulation through the production of means of production. This mode of accumulation had already plunged the imperialists into a chronic structural crisis around the time of World War I. During the inter-war period the Soviet Union caught up extremely rapidly, and moreover its model had the advantage of avoiding cyclical crises. However, experience was to show that this system was by no means immune to structural crisis. That the crisis was a structural one was pointed out a decade ago by SAPIR in his Les Pays de L'Est vers la Crise generalisee [Lyon, Federop, 1980], a brilliant work which far surpasses anything produced on the subject by the ML movement. He uses the term "machine-chomage", and explicitly refers to the crisis as one of over-accumulation....which in practice means over-accumulation in Department I. The process was actually prolonged far beyond the point at which it had exhausted itself. During the period 1950-70 the proportion of revenue given over to investment in relation to that given over to consumption increased. [ib p 64].

During this historical period, the imperialist economies were in a certain sense one jump ahead of the Soviets, in that they had already secured the first step in restructuring in the direction of a new regime of accumulation characterised by concentration upon consumer goods, i.e. by the introduction of Keynesian policies. However, this process was, as we have said, far from smooth, and was in fact attended by the advance of liberation movements in the third world, as well as by severe social crisis in the capitalist heartlands themselves. Hence the structural weakness of the Soviet model could, by comparison, be concealed for a while.

In the Gorbachev period this realisation actually forced itself upon the Soviet leaders themselves, and Abel AGANBEGYAN, a leading spokesman of the Gorbachev trend, puts forward an analysis which strikingly concurs with that of SAPIR, albeit in terms of empirical conclusions, because it is not a theoretical work. His argument clearly shows that the mode of accumulation had reached its own limits, which led to "unprecedented stagnation and crisis" in 1979-82 [AGANBEGYAN p. 3] The Soviet Union was smelting more than twice as much steel as the USA and producing more metal than the whole of Western Europe. This largely went into an excessive number of machines, such as

tractors which Sovkhov were forced to purchase. [ib p. 35] Perhaps we could add the hypothesis that the unnatural prolongation of this particular regime of accumulation also provided the basis for frantic arms expansion under Brezhnev.

Another response on the part of the USSR was to dump a lot of turnkey heavy industrial capacity in the third world, at the same time as the West was doing so, and the correspondence of the arguments which we have just cited with those of YACHIR quoted above clearly show that there were certain similarities in the way in the crisis affected the two blocs during the 1970s, and also similarities in their response to this situation in terms of international economic relations with the third world.

Hence there were good reasons for the ML movement at that time to have remarked on striking similarities between the conduct of the two superpowers. This should not however blind us to crucial differences. In fact the Soviet Union was just entering into a structural crisis which the West had been through much earlier, and had already taken the first step out of. Hence, for the West the manoeuvres of the '70s were part of a tactical process of restructuring, during which it needed to tide itself over while there were major shifts in industrial deployment (accompanied of course by uneven development between the different imperialist powers), and in particular while it was moving into the second phase of its restructuring, namely the revolutionisation of the process of production itself, through the introduction of the STR. For the East this was not the case, it was in no way using the disruptions of this period constructively.

The financial and monetary system

The sphere of production, was undoubtedly fundamental, but the whole process was mediated through the operation of financial and monetary transactions. Thus, as we said, the surplus capital happened to be available, and it flowed into the third world from motives which were essentially speculative, even though the net effect was structural. At the same time, the monetary and financial policies of the central capitalist states served in their own right as subsidiary measures bringing about a transfer of resources from the third world.

Ever since the early stages of the industrial revolution, the central capitalist states have sought to dominate the means of exchange, notably in the pillage of American and later Indian precious metals, and in the post WW2 system the USA printed dollars, strengthened by its dominance over the world's raw material resources, thus financing its post-war economic policies. But there is no accepted basis for quantifying the resources controlled which can justify the issue of a particular sum of dollars. Thus the temptation is there to issue dollars to finance whatever the US administration wanted to do, and this was increasingly done from the Kennedy era onwards. This served among other things to promote the massive arms buildup which was supposed to close the so-called missile gap with the Soviet Union as well as the buildup of conventional arms designed to facilitate intervention in the third world.

At the same time, during this period the USA was switching to full-blooded Keynesian policies at home: a buildup in the role of the state, and the use of deficit financing to create a domestic market for the products of American industry. In fact neo-Keynesians have even hailed Reagan, with his policies of massive government spending, budget deficits, and consumption boom, as one of theirs. [see STEWART as an example]

But this was also Keynesianism with a difference, in that the USA, unlike the other industrialised countries, could simply create its deficit financing out of nowhere by printing money without the formal resources to back this up. Hence the growth of a system where vast numbers of US dollars, representing little in terms of real resources, are floating around the world markets. A major element in the crisis has been the manipulations necessary to maintain some degree of order in this system.

Decline of the USA

What happened, at least during the '80s, is that the USA served as a market to absorb the products of the whole industrialised world, as well as the primary products of the third world, which according to the prevailing dogma of the IMF, is forced to follow an export-orientated strategy instead

of developing its own domestic market. Whereas previously the US both was a great industrial power and a great market, now its importance as an industrial power is shrinking to a startling extent while its role as a market is if anything increasing. This leads to a new situation which is highly unstable.

US industrial production as % of world total:
1938: 30% 1946: 53% 1987: 19½%

US exports as % of world total:
1946: 36% 1986: 10%

[source: Le Monde diplomatique, Jan 1988]

In 1986 the US budget deficit was \$220,000 M and its trade deficit was \$140,000 M. [GEORGE p. 26] These gaps were filled by an immense influx of foreign capital, investment which is not primarily productive but speculative, and thus accentuates the situation of massive internal debt. Foreign investments in USA expanded from \$500,000 M in 1980 to \$1,300,000 M at the end of 1986. [Le Monde diplomatique, ib]

However much they grumbled, the other major economic actors tolerated this situation because US economic activity and the dollar in particular are the lynch pin of the world economic system. If they pushed the USA too hard it would cause incalculable damage to their collective interest. At the end of the '80s, the US domestic market still accounted for about half of the market of the seven major industrialised countries put together, which contrasts strikingly with its decline in terms of production. During the Reagan period US consumption grew by 23%, as against 8% in the FRG, for example, and by the late 1980s amounted to \$2,700,000,000,000. The US domestic market thus served to drag the whole capitalist world economy out of a sticky period of recession, while also serving to absorb vast quantities of speculative capital which were temporarily difficult to dispose of while the world economy still suffered the effects of the crisis of over-accumulation. How far the other capitalists will remain indulgent towards the USA in the nineties is an open question. In fact it was to a considerable extent Japanese capital which filled the gap, which obviously undercuts the ability of the USA to carry out protectionist policies, and thus hastens its industrial decline.

Third World 'Debt' and interest rates

However, what concerns us at this point is mainly the eighties. Particularly significant is that in order to keep this money flowing in, the US has had to maintain very high interest rates. This had a big impact upon the problems faced by the developing countries. The latter have in a sense not only had to meet the costs of restructuring the productive base in the

imperialist countries, but also those of the financial manoeuvrings required by the industrial economies.

How it worked was as follows: the huge loans whereby the West disposed of its capital and industrial surpluses, and which formed the basis of the 'third world debt', appeared to be attractive in a period of inflation. In such circumstances it is cheaper to borrow than to buy in cash, so long as the rate of inflation outstrips that of interest, which at that time it did. For example, if you were planning to buy a washing machine in a situation like the 1970s, and it would take you a year to save the money, it actually made sense to borrow the money and buy it now; apart from getting it straight away, it would actually work out cheaper if you expected the price to rise by 20% during that period, whereas interest rates were only 10%. The situation was similar with the third world 'debt'. Inflation was heavy in the industrialised countries, and the banks were desperate to unload their capital. Petroleum producers or producers of commodities which were temporarily strong in the disrupted state of the world markets in the mid seventies, such as the Ivory Coast, were also borrowing on the strength of expected future revenue. But what happened is that the expectations all turned sour. Inflation did not continue as projected because the industrialised countries made its reduction a major target of their policy. AT THE SAME TIME the economic policies pursued in many of the industrialised countries implied the raising of interest rates, upon which the repayment of the third world 'debt' was calculated. Thus, in a certain sense we could see the third world as financing the policies carried out to manipulate the economy in the industrialised countries, including the artificial maintenance of the USA as a market to drag the whole industrial world through the period of restructuring, as well as other factors determining high interest rates, including the massive deficit financing in the USA and in particular use of state capitalist methods to hasten the scientific-technological revolution through Reagan's military programmes, especially the SDI. These processes represent important new mechanisms for the transfer of value in addition to those studied in the classical Marxist texts.

Shifting investment back to the industrialised world

We pointed out earlier that relations with the third world were crucial for the whole process of capitalist restructuring, and that as part of this process there was a shift of investment in the direction of at least parts of the third world from the early 1970s. However, this process has been reversed in the current phase of restructuring. This is closely connected with the STR, because on the one hand capital can more easily be absorbed within the industrial countries, while on the other the new technology to some extent creates conditions where the deployment of industry into the third world is less attractive. Japan devoted 57% of its direct investments to developing countries in 1975, but only 33% in 1986 and by 1988, almost half Japanese investments were in the USA! [Le Monde diplomatique, November 1988]

Because of the higher organic composition of capital, labour costs are now only a small fraction of total investment, and this makes it quite possible for the expanding economies to invest in the advanced countries increasingly. In 1982, President Mitterand's advisor on Industrial Policy said in an interview with the Financial Times: "You can make shoes in old factories using out-of-date machines and traditional methods. Or you can use computer design, advanced numerical-controlled machined tools and modern methods. If you do the latter you can be competitive in France." [Q in BENSON & LLOYD p. 122]

The development of Protectionism

There are two conflicts: one between the industrialised countries and the third world, and the other among the industrialised countries themselves. On the latter aspect, the imperialists contrive to keep their internecine struggles within certain bounds, or at least to prevent them undermining the system as a whole. In terms of relations with the third world however, they conspire to safeguard their collective interests and are shamelessly protectionist. Non-tariff barriers or quotas are imposed upon precisely those sectors where some of the would-be NICs threaten to be competitive. This shows that in general the industrialised countries are loath to loosen their grip on any complete sector (or on the overall control of any sector), and that one can no more generalise from the experience of shipbuilding to other industries than one can from petroleum to other raw materials.

The relationship between the EEC and the third world does seem to show that serious competition was not encouraged. Even Lome I, although it appeared to be designed to offset some of the problems created by aid tied to specific projects, was really more than anything an internal EEC adjustment to compensate for the fact that most of the Yaounde projects had been grabbed by France, and the FRG wanted more of a share. STABEX itself

encouraged extraversion and raw material export. This did enable some extraverted, raw-material economies to carry out capital accumulation, e.g. Ivory Coast. But when it tried to take advantage of this opportunity to build a textile industry, it was hit by the MFA (multi-fibre arrangement). Under Lome I all textiles had had free access, but Lome II (signed in late 1979) was actually more restrictive in this respect, and many textiles were classified as 'sensitive' [MARCUSSEN and TORP p. 63] The early 1980s were characterised by recession in the industrial economies, and protectionism increased still further.

Dependent structures in the periphery

Our discussion of the basis behind restructuring suggests that Marcussen and Torp were wrong in assuming that there was a real internationalisation of capital in the direction of the third world, at least in the sense of long-term productive investment. This does not mean that it is wrong to speak of autonomy on the part of third-world bourgeois regimes, but the term can best be understood, not as the negation of dependency, but as an opposing moment of dependency itself. What was wrong with the 'three worlds' analysis was that it abstracted from the class character of the regimes and forgot that the struggles around the NIEO were also mediated through class and national struggles. From the standpoint of political economy, we can see that the basis of their autonomy is precisely their inability to challenge the structure of economic dependency, and that the actual exercise of their autonomy itself serves to reproduce the structures of imperialism. Srikant DUTT's analysis of the Indian experience shows that even ECDC and TCDC themselves, if we look at them concretely, embody the same structures as imperialism. The most 'autonomous' third world regimes are the ones which can be seen as second-tier imperialists. They are not sub-imperialist in the sense of being manipulated by the great powers, the nature of the link with imperialism is not one of being puppets, but rather that they autonomously reproduce the relations of imperialism in their own relationships.

It is interesting to note in this context that during the Brezhnev period the Soviet Union appeared to be building patron-client relationships of a stronger kind than those of the West with certain third-world regimes. However, the attempt to constitute an alternative world economic system composed of so called socialist-oriented countries collapsed like a house of cards, and with it the Soviet political clientele. The main reason for this is probably that, as we remarked above, the Soviet Union was not in fact constructively readjusting its economic relationships during this period, but merely sinking ever deeper into stagnancy.

Scientific-technological revolution and industry in the capitalist centres

There is a new international economic order, but it has not come about in the way the developing countries hoped it would in the seventies. It has been brought about unilaterally under the auspices of the TNCs. Rather than seeking an extensive market in the third world for basic necessities, means of production etc. (as in the Brandt Commission model), the market which is sought is fundamentally a manipulation of consumerism in the already industrialised countries. Once the STR was established, the disguise of the NIEO could be dropped.

The implications for the structure of industry in the heartlands are enormous. The present phase in the STR is one which uses technology not only to replace muscle power but also to plan and organise production strategically in such a way that some labour intensive processes can be incorporated as part of the whole. It could well be, that Taylorism is now being superseded. During the 1970s there was a transitional period in which the irrationality of investing in new industrial capacity (along the old Taylorist production-line pattern) was becoming apparent but the outlines of the new system (high-tech at the centre of the process combined with a low-tech periphery) were not yet clear. In these circumstances, there was a shift to speculative as opposed to industrial capital, since the capital needed an outlet. In outlining the above process, we are of course speaking of the overall logic inherent in something which as it happened was essentially haphazard, and we follow LIPIETZ' warnings in not attributing conscious planning to it all. Capital sought maximum profits. This went in two main directions: to the third world, which was the initial focus, and then to finance stock-exchange speculation which became the main focus after the threat of third-world insolvency became apparent. It was not intended to use transfer of capital from the third world to finance the STR, some statespeople may have believed the logic of the Brandt Commission that they were promoting industrialisation, but it simply happened that way. This transitional period of purely speculative capital unconsciously served the goal of a restructuring of the productive process itself. The mass unemployment which arose through the crisis of the old industrial model was experienced as a threat and a problem, but in retrospect we can see that it provided the context for the introduction of radical changes in economic organisation including automation. These rendered unemployment endemic, but they could never have been brought in in the absence of initial unemployment. The old Marxist textbooks rightly say that capitalism is resistant to introducing new technology, but this resistance is not absolute.

Even though the Taylorist model may have been dropped within the individual industrialised country, we should beware of

taking a Eurocentric stand. In a certain sense it has now been translated onto a world level, in that the production process is now fragmented on an international scale. Although we have just argued that the new technology raises prospects for the 'de-relocation' of some industrial sectors into the capitalist countries, it equally creates openings for the splitting-up of the labour process on a world scale through a form of central control which would not have been possible under the earlier system. The employment of a sub-proletariat will be endemic, and this also implies a new mode of organisation of women's oppression. Whereas one aspect of racism reflects the folding-back of the economy into the common European home, another reflects the desire to maintain a super-exploited under-class, both within Europe and at a world level.

The policy of small series, zero stocks and zero delay calls for the ultimate flexibility of organisation. Thus the new international order consecrates and reflects the centre-periphery division within the process of production itself. An officially commissioned report prepared in France argued for what is referred to as "artisanat industriel". [Le Monde 6.12.89] The basic parts may be cut out in a highly automated central process, using computers, lasers etc., and assembled through a kind of putting-out process. This is indeed an international division of labour. What we can learn from the feminist critique is that division of labour is not a "natural" process, as the theory of comparative advantage might imply. This sophistry was not new in Ricardo's time. There are natural reasons why pineapples grow in hot countries as there are for women to have babies, but none of this explains a fundamentally unequal relationship, one of dominance and exploitation, which takes the "natural" factors merely as an excuse. The gender division of labour is in fact an extremely important part of the new international order.

Eastern Europe and the new stage in the world economy

As we pointed out above, the absorption of Eastern Europe has proved of great importance to the restructuring. While both blocs were overproducing heavy industrial plant in the seventies (and both were offloading them onto the third world), their respective situations were not the same because in the West there had already been the shift towards consumer goods production and the problem was not at the level of consumption but of the structure of the productive process. The Soviet Union should logically move into a Keynesian phase, and this is indeed implied in the logic of some of the arguments about Perestroika. AGANBEGYAN, for example, argues that development in the coming period will be intensive rather than extensive, based on quality and efficiency. Perestroika replaces the old term "perfection": to perfect something implies evolutionary change, whereas perestroika implies that the change is

revolutionary. This is clearly the language of a change to a new regime of accumulation.

However, the problem is that this evolution is in fact not being carried out in a closed economic environment, but in the context of a world economy which as a whole has already moved beyond this stage. The USSR cannot merely step back into the position the capitalist states were in 1945, because, to name only one factor, technology has moved way beyond this, it is dominated by the imperialist countries, it is this which controls prices on the world market, and it is thus indispensable to the USSR. "A very important goal [of Perestroika] is the effective inclusion of the Soviet Union into the international division of labour." [AGANBEGYAN p. 37] The likely result is that, although the Soviet economy will be transformed, the main accumulation unleashed through the expansion in the East European market will be creamed off towards the West! In fact it seems likely that the integration of the Soviet Union and Eastern Europe into the capitalist world-economy will itself serve as an important mechanism in the restructuring of the latter. The realisation of the stagnancy of the Soviet model of accumulation coincided at the end of the 1980s with the fact that the Western economies were now ripe to absorb these new areas, having first made progress with the two other, and more fundamental areas of restructuring, i.e. their relationship with the third world, and the revolutionisation of the productive process itself through the introduction of the new technology. At the beginning of the decade SAPIR had already correctly described the internal conditions, whereas FRANK, for example, had pinpointed the external conditions by pointing out that the incorporation of the 'socialist' world would be a major mechanism in capitalist restructuring [in his contribution to Dynamics of Global Crisis]. This demonstrates that creatively applied political economy does have predictive power!

Our earlier argument clearly implies that exploitative relations with the third world were fundamental in the process of restructuring, not least because of the incredible transfer of value which took place during the 1980s. However, a plausible scenario would be that, now that the restructured world economy is up and running, the major part of the third world will increasingly be marginalised in the coming period. We have already noted a shift in investments in the direction of the industrial heartlands themselves. This trend may now be supplemented in a very important way by the opening up of the Soviet Union and Eastern Europe, which in some ways is more attractive, not least because it doesn't pose the threat of another non-European economic power!

Eastern Europe absorbed by the capitalist world economy

Already in in a Newsweek poll of October 1989 Japan was seen as a greater threat by Americans than the Soviet Union. [Le Monde 18/10/89] A joint deal between Fiat and the Soviet automotive ministry announced in November 1989 was considered by some to mark a significant step in the direction of such a scenario. According to this deal, Fiat were allowed to set up a £1 billion plant near Moscow to make up to 300,000 Panda-type cars. A Fiat executive stated: "Fiat believes that Eastern Europe will become the new Korea of the motor industry, except this time cheap production will be available on our doorstep." [Guardian, 29/11/89] And, he forgot to add, the workers will be white, so they can be part of the 'common home'.

There may still be some privileged areas of investment in the third world, albeit in terms of a logic which is external to them, but significant areas may simply be regarded as surplus to requirements by the system. Some analysts have pointed to the increasing marginalisation of certain areas, including much of Africa where per capita social production sank by 10% in the early eighties [see the argument of FIEGE & RAMALHO].

It is often argued that the so-called third world debt is a source of weakness for imperialism, but this has to be seen against the background where the main transfer of capital associated with the 'debt' has already taken place. Is the system cutting its own throat by enforcing repayment, and thus undermining the basis of the world economy as a whole? A parallel is sometimes drawn with the enforcement of Reparations after World War I, and it is true that the 'debt' crisis did have a negative impact on industrial economies. The 40% drop in US exports to Latin America after the Mexican crisis of 1982 is estimated to have cost at least a quarter of a million US jobs. [Guardian 16.3.88] But the difference is that Reparations affected the relationship among industrialised countries, and in the '80s this had not fundamentally been disrupted. And at the end of the decade eastern Europe was there to step in and fill the role.

Concentration of Capital

The above argument does not deny the persistence of dependent industrialisation in certain oppressed nations. The overall production process is in fact being restructured under the auspices of the TNCs. There is restructuring, but not of a kind which gives any effective decision-making powers to the third world. The purpose in fact is to prevent any real control slipping out of the hands of the industrialised world. This is extremely important in the context of the NIC-style development. The TNC's are carrying out a division of labour within each sector according to where the 'comparative advantage' is greater....but they reap the benefits of all the cumulative comparative advantages! The whole point is summed up in a phrase: the shift of location of industry towards the Pacific "does not imply any shift in strategic decision-making". [COWLING and SUGDEN p. 69]

Thus the TNCs have no contradictions with the imperialist states from the point of view of dominating the third world. On the other hand, as far as the organisation of capitalism itself is concerned, there are certain contradictions in this sphere. The process of concentration of capital has continued apace, and is in fact accentuated by certain aspects of the new technology itself. On the one hand the new methods of stock market dealing greatly facilitate speculation. Important coalitions are formed to carry out or to fight mergers. On the other hand the demands of increasing investment in R & D make concentration even more important.

The shift to speculative manoeuvres on an unprecedented scale has been a feature of recent years, although it may mainly be concentrated in those parts of the imperialist world where, according to the laws of uneven development, actual industry is weaker and thus the openings for productive investment of capital are not so great. Investment is thus not in building industry, but rather in dismembering it! Besides takeovers from within industry, one of the crucial developments of recent years has been 'hostile' takeovers from outside, which essentially aim to carve up the company in question. A spectacular example in 1989 was the Goldsmith-Rothschild attempted raid against BAT for \$21 billion, the avowed aim of which was to dismember the company. A successful example was the raid by Kohlberg, Kravis and Roberts on R.J. Reynolds and Nabisco which cost \$28 billion. These have led to massive redundancies and suffering for working people.

These raids are financed through junk bonds which are solely speculative: they carry high risk and high interest. In 1985 a quarter of all new corporate issues in the USA were junk bonds [KOLKO 1988 p. 76] Such raids begin by speculative buying-up of vast stockholding. Sometimes there is no intention to take over the company, but the threat forces it to buy back the

stock at an inflated price, which is known as Greenmail. CBS had to spend \$1 billion buying off greenmailers. [ibid p. 69] None of this capital in fact represents anything real because everything happens by pressing a few keys on a computer terminal; but the consequences are real in terms of lost jobs when the companies are dismembered.

The state and the TNCs

At the same time, concentration in the industrial field is also continuing at a scale which sometimes seems to be qualitatively different from anything which has occurred hitherto. This brings us face to face with two contradictory tendencies: firstly competition between the leading industrial states, which in present circumstances seems to involve the unity of Europe and the formation of three great rival blocs (Europe, the USA and Japan). Secondly there is the tendency to interpenetration between their economies. Expressed in a different way, this contradiction manifests itself in the question of the primacy of the state or else the TNCs. A new international division of labour implies a new structure of world politics. If we are moving, under new conditions, to a form of artisanship, commentaries have also drawn attention to the historical experience of the Hanseatic League when the big economic interests were the basic units or organisation rather than nation states.

Which of these tendencies is predominant is difficult to say, but the contradictory aspects are well illustrated by the example of Europe. The TNCs have greatly benefited from the trends of the 1980s and in Europe for example the EEC has lifted restrictions on practices which would earlier have been considered contrary to free competition. This has facilitated concentration at the level of the individual European states, as with the fusion in September 1989 of Daimler-Benz and MBB to create the largest ever German firm, and the 10th in the world. Described by the FRG economy minister as "the most important decision in the history of German industry since the Second World War" [Le Monde 10-11/9/89], this merger - masterminded by the Deutscher Bank - managed to override the attempts of the monopolies commission to block it. More interesting has been the proces of fusion at the level of the EEC as a whole. The role of the state has in fact been very important, and in this sense the EEC functions as a kind of super-state, promoting 'its' TNCs. The European scientific programme, Eureka, aims to bring together researchers and industry in the promotion of projects which are directly commercialisable. At the beginning of 1990, 38 billion FF had been invested in Eureka programmes, of which 30% was public money, in addition to 27 bill FF on the Jessi programme (electronic components), of which 40% is public [Le Monde 17.1.90] Eureka will undoubtedly benefit the technological dominance of the haves over the have-nots which exists already.

For example, one of the projects patronised by Eureka is called PROMETHEUS (Programme for a European traffic with highest efficiency and unprecedented safety) which was started by Daimler Benz and includes also Peugeot, Renault, Fiat, Volkswagen, BMW, Porsche and Matra. [Le Monde des Affaires 7.1.89] This is evidently a super-monopolistic development which would-be industrialisers in the third world would find it hard to compete against.

The European economic bloc

There has to some extent been a European grouping created in rivalry to the Japanese. The EEC itself brought together the main European-based TNCs, Thomson, Philips and Bosch into a Groupement européen d'intérêt économique (GEIE) in a desperate attempt to counter Japanese plans to impose their own norm, MUSE, as the world standard.

Thus at one level we can see the formation of three competing mega-blocs, the USA, Japan and Europe. But there are two major provisos which need to be brought in to question this picture of three contending blocs. Firstly, there is a question which needs to be posed whether either the share ownership or the decision-making structures of the TNCs today have anything like as significant an identification with particular states as they used to. Secondly, the blocs are to a large extent interpenetrative. The formation of the European market has also been a process of the expansion of Japanese capital into Europe, and even the formation of the 'common home' with the absorption of Eastern Europe is unlikely to contradict this. The globalisation of the economy has precisely taken the form of the overriding of any geographical boundaries, and for some time the USA has been the market for the other two blocs. Japan is coming to dominate technology and to be the leading factor for the capitalist world-economy as a whole.

Role of Japanese capital

There has been both a process of increasing Japanese initiative in the world economy, and more specifically a process of Japanese control vis-a-vis the economy of the USA. In 1988, out of the ten biggest banks in the world, nine were Japanese. [see CLAIRMONTE, F article in Le Monde Diplomatique December 1989] Thus it is not simply a question of technology and industry, but also of finance capital, including capital at its most speculative. While domestically Japanese capital is obviously more structured and interpenetrative, enabling it to resist raiders, particularly foreign ones, internationally it has played a major role in the junk bond market and helped for example to finance the spectacular raid of KKR against R.J. Reynolds-Nabisco.

Japanese capital has been the main buyer of US treasury bonds, thus permitting the USA to live on deficit; US consumption, on which the whole capitalist world system has been dependent, has been conditional on slowing down of accumulation in the USA itself. There has been a switch from a massive positive balance of US investments abroad to an even more massive negative one. For the end of 1989 it was estimated that investments in the USA would exceed US investments abroad by 780 billion dollars. Between March 88 and March 89 Japanese investments in the USA increased from \$52.5 B to 75 B, and were rapidly increasing. [CLAIRMONTE op cit] Debt payments will cause further enormous capital outflows, seriously undermining US accumulation.

Centre and periphery in the new period

The above developments show that the most furious area of the activity of capitalism at present is within the industrialised countries themselves, as the corporations and banks explore to the full the openings presented by the uneven development of capitalism. None of this implies, however, that contradictions have been surmounted, nor in particular that the main contradiction of the system, that is between centre and periphery, can simply be swept to one side.

In reality, the relationship between central capital and a periphery in Asia, Africa and Latin America has always been fundamental to the system, and the attempt to bring Eastern Europe in as a new periphery cannot fully replace this factor. During the post World War II period, the imperialist system continued to accumulate through a process of breaking up indigenous modes of production, and this creates future problems for the system in two ways. As Luxemburg pointed out theoretically, if it is true that the breakup of non-capitalist sectors is a fundamental moment in the process of accumulation, then logically the more it does do this the less scope there will be to do so in the future! Hence the process of accumulation will be progressively more difficult. This is reinforced by a further contradiction. An important method of super-exploitation is the existence of sectors which are only semi-organised along capitalist lines, particularly in agriculture. This enables labour power to be bought below its value, in that a large measure of the cost of its subsistence and reproduction is met from outside the capitalist sector. But the process of expanded reproduction requires fresh areas of the traditional sector to be broken up and brought direct into capitalism. This process can clearly be seen in the development of the Green Revolution.

Green revolution

At one level the green revolution is a strategy to favour inputs of foreign technology as manufactured by its leading sponsors, TNCs like the Ford Motor Corporation and manufacturers of chemical fertilisers, pesticides etc, and indeed the subjective reasoning of the TNCs probably stops short at this. But objectively an even more important aspect of the process is to incorporate further massive sectors of the world economy into the direct capitalist ambit, thus bringing about a new swathe of primary accumulation of the type described by Luxemburg. There is thus from the viewpoint of political economy a tendency of diminishing returns. The other angle on this situation of diminishing returns is the ecological one, which is really the expression of this law in concrete terms, i.e. in terms of human relations with the environment.

As DELPEUCH points out, the green revolution helped create a basis for dependent industrialisation in the cities (swollen as they were by the influx of the new rural poor) by keeping food prices low. We are thus witnessing a mechanism for introducing directly into the third world the pricing differential between agricultural and industrial goods which Amin has identified as one of the major causes of third world underdevelopment. The formerly-existing natural economy in the rural areas with its large subsistence component was in fact a shield against the adverse effects of the scissors differential, because industrial inputs were very small. This is now removed. A startling case-study of the social effects is that provided by BUCHHOLZ in the case of East Pakistan/Bangladesh. In 1970 the strategy pioneered in Comilla was taken as basis for nationwide Integrated Rural Development Programme. At the time of land reform %age of landless was 14%, and in 1960 it had grown slightly to 17%. In 1977 after the "Big Push" for green development had been underway, the figure rose to 32%. If you include families with less than 0.2 ha. (which is virtually landless) the figure is 53%. And 78% of families had less than the figure of 0.8 ha. which is a skimpy estimate of what is needed to support them. Although laws theoretically limited landholding to 13.35 ha., in fact 90% of land was in the hands of big peasants. This phenomenon was cynically attributed by pro-US media to the population explosion. The gender aspect of this savage aggression against existing forms of society is of critical importance. MITTER points out using the case of the Philippines that the new landless poor created by the Green revolution, and by spread of export-orientated crops (bananas, sugar, coconut, pineapple, mostly cultivated on large foreign-owned estates) are absorbed into the global capitalist economy in other ways, and in many respects women are cast in the role of being forced to provide by emigrating to form a sub-proletariat in industrialised countries, taking jobs in export orientated enclaves run by the TNCs or prostitution. [MITTER p. 36].

Capitalism is prepared to toss many of these areas onto the scrap-heap, having squeezed them dry. Taken to this extent, the savage spread of capitalist primary accumulation actually undercuts the basis of neo-colonialism itself, since it destroys the conditions for an ongoing social system in the oppressed nations. The majority of the third world is now being squeezed even more savagely by the laws of uneven and unequal development. NIEO-type illusion no longer have any force, just because the third world no longer even has any apparent bargaining power in terms of the world capitalist economy. This leaves revolution as the only option.

IN PLACE OF A CONCLUSION

Our purpose in these notes has simply been to carry out a preliminary outline for an investigation of some of the

processes which have been taking place, so it was not part of our brief at this stage to suggest any conclusions. The above material provides ample evidence for the predatory nature of imperialism and the need to abolish it. This is nothing new. What the events of the recent period do demonstrate in new ways is however the impossibility of a reformist solution. The view which saw socialism as a kind of crisis-free version of capital, producing even more steel than the capitalists were capable of, is well and truly bankrupt. Instead the qualitative aspects of socialism will more and more be emphasised, fused with the women's movement and learning deeply from the indigenous people's experience of an ecologically sound socio-economic system of development. In answer to reformism and revisionism we have stressed quite strongly that the overall logic of the world system is capitalist. This in no way at all implies that imperialists are in control of events. On the contrary, the development of capital proceeds in an anarchic and chaotic way...this is its inherent nature. Both in its expansionary and stagnant phases, there are severe structural dislocations, which provide opportunities for revolution. The system accumulates through a process of pauperising the masses, and thus creates its own grave-diggers. The implication of the above analysis is that the current phase of imperialist oppression can only have the result of increasing oppression in most of the third world, while the inability of the bourgeoisie of these countries to lead a movement for the juster division of the world's wealth has now been completely exposed. This has coincided with the utter collapse of the pro-Soviet trend, so a new upsurge of Marxism-Leninism, starting from the Third World, will be sure to characterise the coming period.

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Conference notes from two participants

PRIVATE AND CONFIDENTIAL

Notes from June 23rd Conference on the Political Economy of Imperialism.

These rough notes are from two participants record of the meeting and the gist of the contributions.

* Introduction set the orientation of the meeting: to understand the enemy - imperialism. To look at developing strategies to combat it and build a qualifiable better society. Part of this involves the ability to understand the historical evolution of imperialism; how can we periodicize it ?

The early period of unregulated competition gave way in the aftermath of WW2 to new strategies under US leadership. It brought forth new questions in the rising crisis from the 60s: the role of the state, the concentration of Transnational Corporations [TNC], convergence theories etc.

Technological advances in capitalism undercut the promises made under "existing socialism". Socialism promoted in terms of quantity e.g. rising steel production. But the Scientific-Technological Revolution [STR] has seen the introduction of new ways of exploitation. The export of particular operations forming part of an overall productive process - to "newly industrialising countries" - has led to a profitable division of labour for imperialism. Existing socialism fell behind in the development and application of the STR.

It is theoretically critical that we lay the foundations for understanding these developments : is the 3W "Debt" little more than a mechanism for extracting value from the 3W to finance restructuring in the industrialised nations? The context of centre-periphery relations may face changes as the incorporation of East European economies directly into the world economy (on the West's terms) refocuses investment policies.

Already we have seen some realignment on the Left as old divisions become less significant. The politics of organisations are less judged by who they regard as the fount of political wisdom ; the first point of reference is rather whether they intergrate a revolutionary line into their practice and the priority given to solidarity with revolutionary trends on a world scale.

Questions on the nature of state intervention were raised, specifically whether the relationship of the state to TNCs means that countries have to gain economic self-sufficiency to gain some manoeuvring space, yet economies are so intergrated that, for example, a withdrawal for the EC would damage own economy therefore better to stay in and pursue policies within its structures ? While the market is expanding, it was pointed out, investment is falling. So why has the state not arranged a fall in the interest rates to that which industrialists can afford to borrow as less demand has not forced a lowering of interest rates ?

In answer, it was remarked that a large amount of growth has been financed by debt, and the high interest rate are necessary to attract capital. The state has acted in the past to take the problem out of the market i.e. nationalisation involved industries that possessed a low profitability ratio

41

of existing stock taken into the public sector to modernise via state investment. State intervention was a possible strategy, but there is an enhanced influence of the international dimension as financial institutions [such as banks] are very influential in strategic thinking on economic management. It seems that investment by capital has shifted from development of "productive industry" towards financial loans to governments in the 3W.

[A domestic illustration of the return on money loans can be seen in the case of mortgages - a 25yr repayment on £30,000 was recently calculated at half a million pounds sterling ! Likewise the repayment schedule for 3W debt shows the interest charges exceed the original principal borrowed.]

Contributions continued on the issue of developing 'strategies for change' and the importance of incorporating those who do not relate in class terms, such as women who come together on a basis other than class, to oppose imperialism.....

Y - The Ugandan experience has seen militarism under the yoke of neo-colonialism absorb the activity of men, therefore women have played the leading role in both the question of survival and raising fundamental issues. But when it comes to major economic issues they are excluded yet they bear the brunt of the effects of inflation. Whatever the context of struggle - be it in imperialist or neo-colonial countries - the question is what Marxists do to relate to many forces which emerge; to exercise the ability to pose the question concretely.

Z - The point was raised that we need to redefine socialism's attitudes to progressive movements : not treat the women's struggle as simply striving for the right to do the same things as men, but to recognise their oppression as women in its own right. Class and national liberation are not necessarily women's emancipation. It is not simply a question of involving women in our struggle. What are the issues we need to face in addressing women's struggles

In response from the audience: it is a mistake to talk about women's equality in general terms; marxists have concentrated on the role in the paid workforce that neglected the social roles - those that perpetuated oppression. We need to try and look at different means and practices e.g. the equality of voting rights has been legally established but what is the practice. Women are organising separately and setting own agenda to assert themselves against male dominance and set demands.

From audience: The problem raised by the re-appearance of Eastern Europe for the Third World is not a new one; the old colonial relationship was abandoned in the middle C20th for something regarded as beneficial to imperialist interests. Is the 3W to be "abandoned" in the wake of investment in Eastern Europe ?

X - The working conditions in E. Europe are similar to 3W and offer greater complexities (with the legacy of socialist ideology) than 3W investment. Eastern Europe may offer relatively higher possibilities for the generation of surplus value e.g. nearer the main market, but it is not able to produce for itself at the moment let alone reproduce the commodity production invested in the 3W.

X - We are seeing a shift in regional economic blocs - the enlargement of Europe beyond that vision of 1992. There is the moves towards Soviet participation in this scheme: what then the political character? At present the Soviet Union is in need of modernization, it wants to "recapitalise" its industry and the means of production to lay the foundations for economic growth.

Commodity trade is @ 11% in world terms, manufacturing dominates traded goods in the world economy. The 3W is disadvantaged in these terms. If production relations are dominated by certain characteristics, then steps need to be taken to create a dialogue on how workers perceive their own situation and make the link between them. If pan-Europeanism consolidates capitalist in their own base then in the 90s the North-South relationship assumes greater importance in people's consciousness. This is already seen in the issue of international debt.

Z - We may see intergration in Europe but a balkanised experience in some 3W areas tied to the world economy. The neo-colonial fostering of small state systems that exist, with the neo-colonial state and imposition of economic systems, there will still be an essentially political focus on national and social objectives in the 3W. We must work towards realigning our societies towards their own needs not those of international capital. We must relink with forces that are against those which oppress us; there is the opportunity to start such a process in solidarity activities againsts TNCs

WOMEN & POLITICAL ECONOMY

There was a written paper prepared from Leeds and that could be obtained from source. Very briefly, its contents focused on three themes which were developed in greater detail than expressed here: [1] Women have been invisible too long and recent work has uncovered the history of women's work and its contemporary importance with specific references to 3W manufacturing processes. Imperialism makes the links between peoples, there is a common fate through common bonds; [2] Women in Europe are a minority in a world context, our politics and analysis has to both acknowledge and take that into account. We must be wary of the vagueness in making general statements of situations which need and deserve to be concretely analysed; [3] one should not, indeed cannot divide the experiences within women lives, and ignore/underate aspects fostered upon women such as responsibility for children. As most of the work done in the world doesnot enter the official statistics we need to value different forms of work and break away from the traditional way of analysing and organising the world.

From the audience the following points were raised: women's work tends to be associated with the home yet work is considered paid employment. Women need compensation for unpaid labour, and recognition that oppression is not simply capitalist explotative relations (i.e. wage labour conditions).

X - There is class divisions amongst the women of the world. The bourgeoisie can afford to hire childcare facilities. There is a need to analysis the national and class aspects otherwise the emphasis is sidetracked by various petty-bourgeois concerns.

Z - There has been much talk of the rights of women in the abstract. On the question of women's emancipation, the starting point is to look how capitalism puts use to a commodity: the costs of women work is defined as a commodity, regarded cheaper because of their social role with children, their skills are undervalued. Capitalist profit lies at the point of production, the production of surplus value. This is neglected in the document.* The export industries are not capital intensive therefore benefit from reduced wage bill. Subsistence is a feature of the linked world economy for the 3W. The industrialised countries are parasites on the 3W.

Y - Consider the position of women in the industrialised nations; the bastions of financial capital are male-dominated. Don't underestimate the psychological aspects needed to operate within such circles. The bourgeoisie should be examined as the material basis, their ethos/value system reflects their needs. There is often the question raised that places middle class women in opposition to working class women. Both essentially dependent relationships, one with better window dressing.

X - Working in campaigns around the issue of the "sex industry" has given me an understanding of the oppression of women, their treatment as objects. Against moral judgement of women involved but more concerned with forcing improvements in terms of employment, guaranteed medical care and protection.

Z - There is the need to broaden the outlook of women's role in political economy, seeing how change comes about - supporting women working not incorporated into capitalist mode of production, relating to themselves around issues such as health, ecology, peace, transport. Make links with a generation of independent women active in the women's movement.

Y - Women's movement is a feature of oppressed people, its basic positions are to assist development of its own agendas (not to expect men to provide answers), self-organising against the social control. There are specific working class demands opposing the attacks on childcare, local authority cuts, and others that unite women across class lines (the right to choose) that need to have a certain context for the demand to be exercised as middle class women can often afford the choice.

W - Can men understand the problems when women need to set the agenda? It is not just about demands; we need to look at the situation, and the way women interpret what is happening to them. Then see what role men there is for all to contribution to the resolution of contradictions.

The following notes duplicate in part the above but also illuminate others areas not sufficiently covered.

* The 44-paged pre-Conference paper "Some Ideas On the Political Economy of the World System" produced and distributed by RCL comrades.

Notes on Political Economy Conference 23/6/'90

Introduction (seperate notes)

Questions raised: Are transnationals becoming genuinely transnational- i.e, not tied to a specific state? Is the old idea that capitalism blocked the development of advanced technologies wrong? Don't the changes going on in the socialist/"socialist" countries make it absolutely clear that there is no world revolutionary centre? We need to do a theoretical restructuring.

X-Can the overthrow of a specific state system ever lead to the immediate termination of the TNC connection?

X-The US market seems to be growing while US industrial production is declining. Is that so? If investment is falling there, why aren't interest rates falling?

X-Seems a large part of growth under Reagan was financed by a growth in debt.

X-Would it not be in the interests of the entrepreneur that interest rates should be lower? Could a movement not develop to take credit out of the local market? Think that nationalisation of the mines and railways could have been used to give cheap resources to private capital from the public sector. May there not be a move to nationalise the banks?

X-The state's role has fluctuated.

X-There's been a shift in capital investment in the Third World. Main flow of capital in the early '60s was to private companies. Since then, it has largely gone to states.

X-How would the issue of women's oppression be integrated into the analysis that has been outlined? (from Indian woman cde)

X-At home in Uganda, men are drawn into the army. Women have been left in the villages. They had to ensure necessities at the base. This may bring about the challenge of women developing an independent economy from the base. A link to ecological issues is relevant here: e.g., the Chipco movement in India. There's a danger in seperating consideration of women's roles from economic issues. Women bear the main burden of Third World debt.

X-(BCM) Men need to be prepared politically to commit suicide. A revolution will not backtrack if it is taken on board that women are part of all aspects of the revolution. We have negative cultural traditions as well as positive ones. Men have hidden behind such traditions to justify their privileges. The revolution in male/female relations is not a two stage one: it has to be part of the process from the early stages of the development of the revolutionary organisation.

X-West Indian example: in the sugar economies, women are a full part of the labour force. From the mid-18th century in Barbados, women were the majority in the gang doing the hardest labour.

X-Main issue is not necessarily that of involvement in paid labour. There are other issues, like that of the double day.

X-Class and national struggles don't of themselves free women, though they may improve their status as part of other oppressed groups. Need to re-define objectives of struggle for socialism.

X-(Indian woman cde): When I raised my question earlier, I was thinking of women in caste and tribal struggles. The paper came over as making women's struggle secondary to economic issues.

X-Back in Caribbean, the leadership of predominantly female unions is male. Is the problem a lack of assertiveness in women?

X-Will be important to go beyond the advocacy of equal rights. This can be a dead end if it is not coupled with a demand for equality of opportunity: e.g., given the most usual division of domestic labour or child-rearing, women are frequently not in a position to take advantage of legal equality when it exists.

(Notes needed from facilitator at this point)

X-(Gambian cde): In the early days of the slave trade, there were African kings who colluded it, but later they found that their benefits from it were minimal, and that they got abandoned. Today, the same forces who installed dictatorships in Africa talk about multi-party democracy there. Does this mean that the neo-colonial forces are being abandoned? New

Information technology perhaps affects the importance of the old dictatorships. Present day neo-colonial forces are panicking: what will be the new developments? Will imperialism leave most of the Third World to Oxfam, Live Aid, etc, and just keep its hands on the raw material centres, following the changes in Eastern Europe?

X-Eastern Europe has lower wages than the West, but higher than the Third World. It won't take the place of the Third World.

X-World is shifting to larger regional blocs. Third World raw materials are only 11% of goods produced in the world.

X-Why would it be a bad thing if capital pulled out of Third World countries? We always reckon it's bad when it's there.

X-(Ugandan cde): Would love Lonrho to pull out.

What practical steps can be taken among the poorest workers here to show them how they relate to the rest of the world, and relate its needs to what they want. There is a problem here with the European left not relating say, peasant struggles in Uganda (where peasants are 80% of the people) to black workers' struggles in the UK to find a revolutionary way out.

How do we in the Third World align our societies to fulfil our needs, when Europeans are uniting? Must look to a pan-human, not pan-European future situation.

X-In Grenada, used to depend on nutmeg and bananas. Bulk of labour force was self-employed. If foreign capital went, it would not make a big difference. In Jamaica, industrial development has been export-oriented; we had to import food, fuel, machinery and parts for factories. An inflow of capital in the '60s brought prosperity. In the '70s and '80s, there was no inflow, and there was a foreign exchange shortage. If there was a withdrawal of foreign capital, there would certainly be a fall in living standards-and in the popularity of politicians!

X-Clearly there are problems incurred by loosening chains: employment is needed. Question of how to de-link needs more thought.

X- Think that in the next decade, with the virtual ending of the East-West conflict, North-South conflict will be very clearly the central issue of international relations. Pressures will grow in the Third World, with the integration of Europe, for the overcoming of its fragmentation. Challenge of the next decade is to deal with global politics. Many problems cannot be resolved upon a single country basis, whether we're dealing with the environment, taking on the transnationals, trying to achieve socialism, or whatever.

X-(Ugandan cde): Will need to see how to de-link and also re-link.

X-Agree with those who think there may be a capitalist boom as a result of East European changes. Big scope for investing in re-capitalising Soviet industry. Production of means of production is a crucial part of capitalist boom periods.

X-Think capitalism more afraid of world as it is now.