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## FEATURES

### Imperialism is Alive and Kicking: A Marxist Analysis of Neoliberal Capitalism

The concept of imperialism has fallen out of the political lexicon of many leftists in the West, with some deeming the concept irrelevant for understanding the dynamics of contemporary capitalism.

Marxist economist Prabhat Patnaik has been one of the leading voices countering this trend. In *A Theory of Imperialism*, a book he co-authored with Utsa Patnaik, Patnaik explores how a new form of imperialism is at work in the unfolding of the capitalist system.

In this exclusive interview for Truthout, Patnaik states the case for the continuing relevance of imperialism as an analytical construct for understanding and challenging effectively the logic and dynamics of contemporary capitalism.

C.J. Polychroniou: How do you define imperialism and what imperialist tendencies do you detect as inherent in the brutal expansion of the logic of capitalism in the neoliberal global era?

Prabhat Patnaik: The capitalist sector of the world, which began by being located, and continues largely to be located, in the temperate region, requires as its raw materials and means of consumption a whole range of primary commodities which are not available or producible, either at all or in adequate quantities, within its own borders. These commodities have to be obtained from the tropical and sub-tropical region within which almost the whole of the Third World is located; and the bulk of them (leaving aside minerals) are produced by a set of petty producers (peasants). What is more, they are subject to "increasing supply price," in the sense that as demand for them increases in the capitalist sector, larger quantities of them can be obtained, if at all, only at higher prices, thanks to the fixed size of the tropical land mass.

This means an ex ante tendency toward accelerating inflation as capital accumulation proceeds, undermining the value of money under capitalism and hence the viability of the system as a whole. To prevent this, the system requires that with an increase in demand from the capitalist sector, as capital accumulation proceeds, there must be a compression of demand elsewhere for these commodities, so that the net demand does not increase, and increasing supply price does not get a chance to manifest itself at all.

Such demand-compression occurs above all through the imposition of an income deflation on the petty producers, and on the working population in general, in the Third World. This was done in the colonial period through two means: one, "deindustrialization" or the displacement of local craft production by imports of manufactures from the capitalist sector; and two, the "drain of surplus" where a part of the taxes extracted from petty producers was simply taken away in the form of exported goods without any quid pro quo. The income of the working population of the Third World, and hence its demand, was thus kept down; and metropolitan capitalism's demand for such commodities was met without any inflationary threat to the value of money. Exactly a similar process of income deflation is imposed now upon the working population of the Third World by the neoliberal policies of globalization.

I mean by the term "imperialism" the arrangement that the capitalist system sets up for imposing income deflation on the working population of the Third World for countering the threat of

inflation that would otherwise erode the value of money in the metropolis and make the system unviable. "Imperialism" in this sense characterizes both the colonial and the contemporary periods.

We recognize the need for a reserve army of labor to ward off the threat to the value of money arising from wage demands of workers. Ironically, however, we do not recognize the parallel and even more pressing need of the system (owing to increasing supply price) for the imposition of income deflation on the working population of the Third World for warding off a similar threat.

The fact that the diffusion of capitalism to the Third World has proceeded by leaps and bounds of late, with its domestic corporate-financial oligarchy getting integrated into globalized finance capital, and the fact that workers in the metropolis have also been facing an income squeeze under globalization, are important new developments; but they do not negate the basic tendency of the system to impose income deflation upon the working population of the Third World, a tendency that remains at the very core of the system.

Those who argue that imperialism is

no longer a relevant analytic construct point to the multifaceted aspects of today's global economic exchanges and to a highly complex process involved in the distribution of value which, simply put, cannot be reduced to imperialism. How do you respond to this line of thinking?

Capitalism today is of course much more complex, with an enormous financial superstructure. But that paradoxically makes inflation even more threatening. The value of this vast array of financial assets would collapse in the event of inflation, bringing down this superstructure, which incidentally is the reason for the current policy obsession with "inflation targeting." This makes the imperialist arrangement even more essential. The more complex capitalism becomes, the more it needs its basic simple props.

I should clarify here that if "land-augmenting" measures [such as irrigation, high-yielding seeds and better production practices] could be introduced in the Third World, then, notwithstanding the physical fixity of the tropical land mass, the threat of increasing supply price -- and with it, [the threat] of inflation -- could be warded off without any income deflation. Indeed, on the contrary, the working population of the Third World would be better off through

such measures. But these measures ... require state support and state expenditure, a fact that Marx had recognized long ago. But any state activism, other than for promoting its own exclusive and direct interest, is anathema for finance capital, which is why, not surprisingly, "sound finance" and "fiscal responsibility" are back in vogue today, when finance capital, now globalized, is in ascendancy. Imperialism is thus a specifically capitalist way of obtaining the commodities it requires for itself, but which are produced outside its own domain.

The post-decolonization dirigiste regimes [regimes directed by a central authority] in the Third World had actually undertaken land-augmentation measures. Because of this, even as exports of commodities to the metropolis had risen to sustain the biggest boom ever witnessed in the history of capitalism, per capita food grain availability had also increased in those countries. But I see that period as a period of retreat of metropolitan capitalism, enforced by the wound inflicted upon it by the Second World War. With the reassertion of the dominance of finance, in the guise now of an international finance capital, the Third World states have withdrawn from supporting petty producers, a process of income deflation is in full swing, and the imperialist arrangement is back in place, because of which we can see once more a tendency toward a secular decline in per capita food grain availability in the Third World as in the colonial period.

There is a third way -- apart from a greater obsession with inflation aversion and a yoking of Third World states to promoting the interests of globalized finance rather than defending domestic petty producers -- in which contemporary capitalism strengthens the imperialist arrangement. It may be thought that the value of imports of Third World commodities into the capitalist metropolis is so small that we are exaggerating the inflation threat from that source to metropolitan currencies. This smallness itself, of course, is an expression of an acutely exploitative relationship. In addition, however, the threat to the Third World currencies themselves from a rise in the prices of these commodities becomes acute in a regime of free cross-border financial flows as now, which threatens the entire world trade and payments system and hence makes income deflation particularly urgent. Hence the need for the imperialist arrangement becomes even more acute.

Not long ago, even liberals like Thomas Friedman of the New York Times were arguing that "McDonald's cannot flourish without McDonnell Douglas" (that is, the US Air Force).

Surely, this is a crude version of imperialism, but what about today's US imperialism? Isn't it still alive and kicking?

The world that Lenin had written about consisted of nation-based, nation-state-supported financial oligarchies engaged in intense inter-imperialist rivalry for repartitioning the world through wars. When [Marxist theorist] Karl Kautsky had suggested the possibility of a truce among rival powers for a peaceful division of the world, Lenin had pointed to the fact that the phenomenon of uneven development under capitalism would necessarily subvert any such specific truce. The world we have today is characterized by the hegemony of international finance capital which is interested in preventing any partitioning of the world, so that it can move around freely across the globe.

Contemporary imperialism therefore is the imperialism of international finance capital which is served by nation-states (for any nation-state that defies the will of international finance capital runs the risk of capital flight from, and hence the insolvency of, its economy). The US, being the leading capitalist state, plays the leading role in promoting and protecting the interests of international finance capital. But talking about a specific US

imperialism, or a German or British or French imperialism obscures this basic fact.

Indeed, a good deal of discussion about whether the world is heading toward multi-polarity or the persistence of US dominance misses the point that the chief actor in today's world is international or globalized finance capital, and not US or German or British finance capital. So, the concept of imperialism that [Utsa Patnaik and I] are talking about belongs to a different terrain of discourse from the concept of US imperialism per se. The latter, though it is, of course, empirically visible because of US military intervention all over the world, in order to acquire a proper meaning has to be located within the broader setting of the imperialism of international finance capital.

Some incidentally have seen the muting of inter-imperialist rivalry in today's world as a vindication of Kautsky's position over that of Lenin. This, however, is incorrect, since both of them were talking about a world of national finance capitals which contemporary capitalism has gone beyond.

The concept of imperialism originates with Hobson (who was not a

Marxist), but it was Lenin, indeed, that put it at the center stage of Marxian international political economy. Marx himself did not use the term "imperialism," but there is plenty in his analysis that anticipates imperialism and globalization. How do you think Marx would interpret today's dynamics and contradictions of the global capitalist economy? Would he be using the term "imperialism"?

There are, in fact, two Marxes. In *Capital* (I refer here to Volume I which Marx completed), the focus is on the sphere of production in a capitalist economy, which means an abstraction from its international setting.

But in his numerous pieces on colonialism, many of which were written almost at the same time that he was writing *Capital*, and in his notes, Marx showed an acute awareness of the mechanics of colonial exploitation. He even talks about the "drain" of surplus from India. These writings of Marx, however, are less known; and since colonial exploitation did not get incorporated into the discussion of *Capital*, there is a general underestimation of the role of imperialism in the dynamics of capitalism even among Marxists, especially in the advanced countries.

It is also true that Marx had to rely on the material available at that time, which was

not much and which came largely from colonial administrators with an axe to grind. He also, until quite late in his life, tended to over-emphasize the revolutionary role of capitalism vis-à-vis the earlier modes of production, and the sheer impact of its greater productivity. For instance, in the *Manifesto*, he and Engels talk about the cheap prices of capitalist goods being the artillery through which all Chinese walls against their entry are battered down. As a matter of fact, in China itself there was very little demand for the cheap British textiles, even when Marx and Engels were writing this. To balance its trade, therefore (it imported much from China), Britain forced Indian peasants to grow opium and the Chinese to consume it. The Opium Wars were fought on this very issue. Marx's insights into colonial exploitation are particularly remarkable in the light of the paucity of information he had.

Given his absolute scientific honesty and openness to fresh evidence, I have no doubt that Marx would have given imperialism its proper role in the dynamics of capitalism (as distinct from simply recognizing capitalism's general annexationist drive, as in the *Manifesto*). And once this was done, perceiving an imperialist arrangement within the setting of contemporary globalization would have become merely the next inevitable step.

But it is not just fresh historical evidence that Marx would have taken note of. I believe that Marx's theory itself is incomplete without imperialism. Once we recognize the obvious fact that capitalism is not a vertically integrated system that produces all its required inputs (even if not within the same period) but depends on imports from "outside," some arrangement for preserving the value office money through an imperialist relationship becomes essential; and Marx would certainly have taken note of this fact.

One final question: How should radical movements and organizations, in both the core and the periphery of the world capitalist economy, be organizing to combat today's imperialism?

Obviously, the issue of imperialism is important not for scholastic reasons, but because of the praxis that a recognition of its role engenders. From what I have been arguing, it is clear that since globalization involves income deflation for the peasantry and petty producers, and since their absorption into the ranks of the active army of labor under capitalism does not occur because of the paucity of jobs that are created even when rates of output

growth are high, there is a tendency toward an absolute immiseration of the working population. For the petty producers, this tendency operates directly; and for others, it operates through the driving down of the "reservation wage" owing to the impoverishment of petty producers.

Such immiseration is manifest above all in the decline in per capita food grain absorption, both directly and indirectly (the latter via processed foods and feed grains). An improvement in the conditions of living of the working population of the Third World then requires a delinking from globalization (mainly through capital controls, and also trade controls to the requisite extent) by an alternative state, based on a worker-peasant alliance, that pursues a different trajectory of development. Such a trajectory would emphasize peasant-agriculture-led growth, land redistribution (so as to limit the extent of differentiation within the peasantry) and the formation of voluntary cooperatives and collectives for carrying forward land-augmentation measures, and even undertaking value-addition activities, including industrialization.

Small Third World countries would no doubt find it difficult to adopt such a program because of their limited resource base and narrow home market. But they will have to come together with other small countries to constitute larger, more viable units. But the basic point is that the question of "making globalization work" or "having globalization with a human face" simply does not arise.

The problem with this praxis is that it is not only the bourgeoisie in the Third World countries, but even sections of the middle-class professionals who have been beneficiaries of globalization, who would oppose any such delinking. But the world capitalist crisis, which is a consequence of this finance-capital-led globalization itself, is causing disaffection among these middle-class beneficiaries. They, too, would now be more willing to support an alternative trajectory of development that breaks out of the straitjacket imposed by imperialism.

[Indian Marxist Economist and Political Commentator Prabhat Patnaik interviewed by C. J. Polychroniou, Truthout] 9th July, 2017

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