

**THE VARIOUS DIMENSIONS  
OF  
NEO-COLONIALISM**

**THE VARIOUS DIMENSIONS OF  
NEO-COLONIALISM** *ℓ*

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## P R E F A C E

A student of international relations and political science is handicapped by the lack of precision in the vocabulary of politics. As a student of political science, I became increasingly aware of the looseness in the language of these disciplines. The same term is very often used to convey a series of meanings. My interest in the problems of the Third World led me to enquire why these countries were facing hurdles in their developmental drive. Was it due to the phenomenon of neo-colonialism? But what was neo-colonialism? I noticed that there was haziness in the meaning of this concept. It was with the spirit of enquiry into the meaning and the various dimensions of neo-colonialism that I embarked upon this venture.

In any research effort, it is imperative, as Aristotle said, to study what has previously been "well said". It, therefore, seemed essential to study the work of classical theorists of imperialism such as Hobson, Lenin and Bukharin, Third World thinkers like Mao, Nkrumah and Nyerere, marxists scholars like Baran and Sweezy and Third World scholars like Andre Gunder Frank and Samir Amin had to

say on the subject of imperialism. Naturally it was not possible to examine the work of all thinkers but only of the more outstanding of them.

Whatever little I have been able to achieve in this endeavour has largely been due to the constant guidance and encouragement of my teacher and guide, Professor K.P.Misra, Professor of International Politics and Dean, School of International Studies, Jawaharlal Nehru University, New Delhi. Despite his manifold responsibilities, he was always prepared to help me whenever I went to him with any difficulty or whenever any point which was hazy in my mind, required <sup>clarification</sup> ~~clarific~~. Indeed my gratitude to him is more than my ability to express it. It arises basically from the fact his own hard work acts as a contagion for others.

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Needless to say neither the institutions mentioned  
above nor the persons mentioned above are in any way  
responsible for the opinions expressed or conclusions  
reached in this dissertation. For these as well as for any  
weaknesses of this dissertation, I alone am responsible.

New Delhi  
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## I N T R O D U C T I O N

The concept of neo-colonialism gained currency in the language of politics in the post second world war period. As is well-known, the Second World War was followed by a new wave of national assertion throughout Asia, Africa and Latin America, and the consequent decolonization of the erstwhile colonial societies. By the mid-fifties, however, it began to be realized that many of the newly liberated countries either did not have the substance of freedom or at any rate did not feel that they had achieved genuine independence. It was in this context that many sensitive leaders and thinkers began to feel that imperialism and colonialism were returning through the backdoor. The term neo-colonialism began to be used to represent this relation of dominance and dependence.

But what precisely was involved in this term? Was it merely "neo" or new in time dimension or was it conceptually different from the terms colonial" and "semi-colonial". The more a student studied this problem, the more confused he became. The issue which was clear was that

in its present usage, the concept was hazy and a lot of confusion surrounded it. It was used synonymously with imperialism, colonialism and semi-colonialism.

In this study, an attempt has been made to clarify these concepts in order to comprehend the various dimensions of the term so as to delimit its meanings from other similar terms.

Conceptual clarity, it will be realized is central to any theory-building. In some sense, it must precede theory building. We must know clearly what is meant by the terms used in it. Consequently it is necessary to delve into a good bit of philosophical thinking in order to appreciate the meanings of general ideas and concepts. As is well-known such conceptual clarity does not unfortunately exist in the social sciences. This in a sense partly explains the under-developed state in which social sciences and in particular political science and international relations find themselves. This study is intended to be a humble attempt in the direction of developing conceptual clarity in regard to the term "neo-colonialism".

One problem which arises in the literature of politics is the fact that values get inextricably involved in the usage and study of these concepts. Thus the concept of neo-colonialism is used primarily by non-western leaders, thinkers and scholars. Of the non-western scholars, it is



only western marxists who use this concept.

At any rate, an attempt will be made in this study to examine the various dimensions of this concept of neo-colonialism. This can, however, only be done if each of these concepts - colonialism, semi-colonialism and neo-colonialism - are carefully studied and their dimensions are examined. Only then will it be possible clearly to demarcate the essence and the central meaning and the various dimensions of neo-colonialism.

In the earlier part of this study, we shall try to analyse the concept of imperialism in its modern context, and in its most obvious form, i.e., direct political control. Here the territories concerned are annexed to the empire by the dominant country or the colonizer, who uses political control as an essential instrument for achieving other types of control. The classic works done in this area are of Hobson and Lenin and to a lesser extent by Bukharin and Rosa Luxembeg. In fact, Hobson was perhaps the first one to conceptualise the term in its modern connotation. It is interesting to note that there is a great degree of similarity between the views of Hobson and Lenin although Hobson was a liberal and Lenin an out and out marxist.

While dealing with the concept of semi-colonialism, we have come across considerable difficulty with regard to literature. The term has been used very often by the

marxists. But they have not done it in any tightly argued work. Lenin was of course the first to identify this type of dependency. But it has generally been used in the various resolutions of the Communists and even the socialists. The existence of this type of relationship was also discussed at the Sixth Congress of the Communist International. But it is only in the writings of Mao-Dze-dung that a detailed analysis of this concept had been made. We shall, therefore, rely heavily on his work. In his work, semi-colonialism has been conceptualized primarily by an imperialist power while political influence is indirectly exercised although coercively exercised.

However, the principal focus of this study is the concept of neo-colonialism. Since both semi-colonialism and neo-colonialism are used in the sense of economic dominance, it would be necessary to deal with various dimensions of this concept in order clearly to differentiate it from semi-colonialism.

The various dimensions of this concept will be studied in the context of the important writings which have been done in this area by both new schools of marxists and Third World thinkers and scholars. The work done in this area is very extensive. It has been decided, therefore, to confine ourselves to the writings of six major thinkers and scholars who have exerted considerable influence on the

thinking of the present generation. Perhaps no other western theorist in this area is as influential as Paul Sweezy and Paul Baran. We have, therefore, relied heavily on their writings. Among the more influential and perceptive of Third World thinkers in this area are Andre Gunde Frank, and Samir Amin. They have shown considerable creativity and provided us with new insights. We have also picked up two important Third World intellectuals who either are or have been occupying important positions in politics. Both Nkrumah and Nyerere have shown enormous intellectual power in this direction.

The concept of neo-colonialism has thus been analysed on the basis primarily of the writings of these thinkers, scholars and leaders. We have tried to examine the area of overlap in their thought and also the extent to which they differ from each other. It is important to remember that the framework of these thinkers is not the same; indeed their frameworks are so very much different from each other.

In analysing this concept, we are not expecting to produce a definitive work. Indeed we are undertaking this study with considerable humility. But if we succeed in showing that there is need for rigorous thinking on this concept our objective would have been achieved.

## CHAPTER - I

### CLASSICAL THEORIES OF IMPERIALISM

#### I

The concept of neo-colonialism is new to social science literature. Indeed it gained currency in the wake of the process of decolonization in the post Second World War period. As the addition of "neo" to the term colonialism indicates the concept of neo-colonialism implies a new form of relationship without modifying the essential character of colonialism, the relation of dependence and dominance between the former colonies and/or under-developed countries which have continued to be dominated by the developed industrialized Western North. Neo-colonialism thus connotes a new structure of dominance.

Despite the fact that the concept is new to the literature of politics, it has rapidly gained currency in Marxist and Third World literature. Nevertheless there is no clarity and precision in the use of the term. What G.D.H.Cole said about socialism is equally true of neo-

colonialism ; it is like a hat which has lost its shape because everybody uses it. The basic reason for this ambiguity is that it has been equated with other terms like imperialism, colonialism and semi-colonialism. Even acute scholars like Andre' Gunder Frank and Johnson have used the terms interchangeably. Considering that the concepts of imperialism and colonialism and even semi-imperialism have been employed in the literature of politics for a long time, it is important to see whether and if so, how the new concept of neo-colonialism either differs from or is similar to other concepts. Each of these concepts have, however, acquired an economic-political or politico-economic connotation and this accounts for the confusion. Another factor which may be responsible for the confusion surrounding the term neo-colonialism is that the major studies in this area have been carried out by Marxist and Third World scholars both of whom attach considerable importance to the economic basis of this relationship.

It is in this context that it is necessary to begin with Lenin's view of imperialism which has directly or indirectly, deliberately or imperceptibly influenced most of the Marxist work done in this area. Indeed, most Marxists consider Lenin's pamphlet Imperialism the Highest Stage of Capitalism, as a definitive contribution to the theory of imperialism. While, it is undeniably true that the

strategic-tactical implications of the phenomenon of imperialism for revolutionary movements are specifically Lenin's, at the level of analysis Lenin had based his ideas of imperialism on Hobson's famous work, Imperialism : A Study, and to a lesser degree on the writings of Rosa Luxemburg and Bukharin. Considering that Lenin himself acknowledged his debt to Hobson, it would be appropriate to begin this study with a comparative analysis of the ideas of Hobson and Lenin on imperialism, its causes and the history of its growth. Indeed, their ideas may be dealt with simultaneously bringing in Rosa Luxemburg and Bukharin wherever necessary on the basis of three criteria :

- (1) Their views of the causes and growth of imperialism.
- (2) Their views about the various forms of dependence which come under the general umbrella term of imperialism.
- (3) The general characteristics of imperialism.

Now in a sense Hobson's analysis seems to have been influenced by Marx's work.

The fundamental reason for this development was the fact that "the growth of powers of production exceeds the growth in consumption."<sup>1</sup> Indeed the rapid advances in technology led to a quick expansion of productive capacity

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1. A. J. Hobson, Imperialism : A Study (Allen and Unwin, London, 1968).

and a glut of commodities and investible capital. The only possible explanation for this state of affairs was the issue of distribution of wealth<sup>2</sup> according to which "consumption is determined by conditions which assign to some people a consuming power vastly in excess of needs or possible uses"<sup>3</sup> In a sense, it was domestic maldistribution which led to the "inevitability of imperial expansion. In Hobson's view if consumption had kept pace with the use in production, there would have been no excess of goods or capital and consequently no imperialism.

A very important point here is that although Hobson was a liberal and he discusses the emergence of imperialism within the frame-work of the "under-consumption" and over saving approach, the thrust of his argument is not very different from Marx's theory of "surplus value".

Imperialism resulted from the economic pressure of a sudden advance of capital which could not find occupation at home and needed foreign investment. In a sense, business sought "Markets for ... the growing manufacturers" of the metropolitan country. These markets, according to Hobson constituted in the case of Britain "serviceable outlets for the overflow of ... great textile and metal industries."<sup>4</sup>

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2. A. J. Hobson, *Imperialism : A Study* (Allen and Unwin, London, 1968), p. 83.

3. Ibid., p. 85.

4. Ibid., p. 85

While this may have been one factor for imperialist expansion, a "far larger and more important explanation for imperialism was "the pressure of capital for external fields of investment."

With a wealth of data derived from the recent economic development of Germany, France and the U.S.A., Hobson established a correlation between the growth of capital and the policy of imperialism. German consuls in the late 19th century "all over the world were "hustling" for trade; forcing settlements on Asia Minor, East and West Africa, China etc.<sup>5</sup> He ironically stated that "the adventurous enthusiasm for "manifest destiny" and "mission of civilization", were fastened by President Theodore Roosevelt upon the shoulders of the great Republic of the West.

This "pressure" according to Hobson was exerted by the finance capital of the metropolitan countries on their governments for a policy of imperialism. Finance capital uses their ~~uses~~ governments to secure for their investment some distant country either by annexation or as a protectorate. This alone could give them assured markets and security for their investments. The policy of expansion necessarily led to "competition of trial empires" which Hobson identified as the "leading characteristic of modern imperialism."<sup>6</sup>

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5. Ibid., p. 80

6. Ibid., p. 77.



Imperialism in Hobson's estimate is "prolific in war" which has been directly motivated by white races upon lower races and .... forcible seizure of territories. Indeed, under conditions of imperialism "the policy of governments passes under" what Hobson calls "financial juntas". In sharp contrast to the popular view, Hobson maintained that imperialism is motivated "not by the interests of the nation .... but by those of certain classes who impose the policy upon the nation for their own advantage."<sup>7</sup> These classes in his view were "associated with modern capitalism and finance."<sup>8</sup>

Here indeed is an eminently "economic analysis of the essentially political phenomenon of imperialism. Students of Marxism and more particularly of Marxism-Leninism are bound to be intrigued by the closeness of Hobson's argument with that of Lenin. The latter's evaluation of Hobson was that he was a pacifist and a social liberal. He characterizes Hobson's hope of "circumventing the development of imperialism as a "pious wish" which in some sense anticipated Kautsky. Kautsky, it will be recalled, believed that imperialism was not an inevitable development of capitalism and could be prevented by increasing the consuming capacity of the people."<sup>9</sup> Arrighi has argued that Hobson was incorrect

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7. Ibid., p. 127.

8. Ibid., p. 357.

9. Ibid., p. 127.

in so far as he thought that the phenomenon of over production and under consumption was a phenomenon of the post mid 19th century - modern finance capitalism. This in his view was characteristic of the British economy since the mid-seventeenth century.

## II

In any case, basing himself on the analysis of Hobson and some others, Lenin defined imperialism as "the highest stage of capitalism" in the era of the development of finance capital. Indeed, it was "capitalism in transition" and in a "moribund" state<sup>10</sup> Lenin emphasizes the tendency of capitalism towards concentration of capital which results in the emergence of enterprises of huge size.

This transformation from a stage of competition into monopoly is one of the most important characteristics of modern capitalism.<sup>11</sup> When cartels become the basis of economic life, capitalism in Lenin's view accelerates at such a speed that it is inevitably forced into the position of imperialism. Lenin<sup>12</sup> shows how -

(a) monopolistic associations were being created in all industrially advanced capitalist countries and

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10. V.I.Lenin, Imperialism the Highest Stage of Capitalism, Selected Works, Vol. I (Moscow : Progress Publishers, 1975), pp. 728.

11. Ibid., p. 643.

12. V.I.Lenin, The Highest Stage of Imperialism, Selected Works, Volume 5 (Lawrence and Wishart, London, 1936), p. 56.

(b) accumulation of capital had reached staggering proportions in all advanced countries.

This capital could not find any avenues of employment in the home country. In order to overcome this difficulty, the capitalist countries had embarked upon a policy of export of capital.

Like Hobson, Lenin demonstrated how there had been an intensification of the effort to add colonies during the "epoch" of finance capitalism i.e. after 1860's. Lenin contrasted the new imperialism from the old by approvingly quoting Hobson.

"The new imperialism differs from the older, first in substituting for the ambition of a single growing empire, the theory and practice of competing empire, each motivated by similar lusts of political aggrandisement and commercial gain; secondly, in the dominance of financial or investing over mercantile interests."<sup>13</sup>

Lenin argued that Hobson brings out clearly and even "more correctly" than some professing Marxists like Kautsky the "historically concrete features of modern imperialism:

- (1) the competition between several imperialism and
- (2) the predominance of the financier over the merchant."<sup>14</sup>

But financial capital as such was not a Marxist category : it was the productive system which was central

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13. Ibid., p. 84

14. Ibid., p. 84

to Marxist analysis. Here it is entirely possible that Lenin may have been influenced by the writings of Rosa Luxemburg and Bukharin. Rosa Luxemburg in her "Imperialism and the Accumulation" of Capital", basing herself on Marx's concept of surplus value and two Departments, asserted a "third" market.<sup>15</sup> Of course, her concept of a third market was very broad and at times vague. But in so far as it had implicit in it the idea of imperialism and colonialism being a direct consequence of capitalist mode of production, it may have influenced Lenin who wrote three years after Luxemburg. At any rate, Luxemburg argued that without a third market the capitalist system would collapse because of a lack of effective demand through which the whole of surplus value could be utilized. This is the basis for imperialism, the need and drive for new markets.

Basing himself on the correlations between finance capital (as distinct from mercantile and industrial capital) and imperialism, Lenin argued that imperialism grew out of finance capital. Neither mercantile capitalism nor industrial capitalism led to imperialism. Indeed, Lenin maintained that in the most flourishing period of free competition in Great Britain, there was opposition to imperialism and leading British bourgeois politicians felt

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15. Rosa Luxemburg in Kenneth J. Tarbuck (Ed.) Rosa Luxemburg and Nikolai Bukharin, Imperialism and the Accumulation of Capital (London, 1972), p.21 read with pp. 140-150.

16. Ibid., p. 147.

that "colonies are like millstones round our necks".

Once, however, industrial capital got tied up with finance capital, imperialism emerged and Rhodes and Chamberlain alike favoured imperialist expansion. It may here be interesting to see whether Lenin may have been influenced by Bukharin's important book, Imperialism and World Economy which he had read. Bukharin argued that the development of world capitalism leads on the one hand to the internationalization of the economic life and on the other hand the leveling of economic differences.<sup>17</sup>

He quotes Hilferding who says 'the policy of finance capital pursues a three-fold aim:

- (1) the creation of the largest possible economic territory.
- (2) which must be protected against competition by tariff walls.
- (3) must become an area of exploitation for the national monopoly companies.<sup>18</sup>

Bukharin then goes on to say that the increase in agrarian territorial acquisitions become the need of the national cartels, along with a consequent increase in markets, for raw materials, increase of the sale markets and

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17. N. Bukharin, Imperialism and The World Economy, pp. 106-107; Ibid., p. 107.

18. Ibid., p. 107.

the spheres of capital investment. The tariff policy makes it possible to suppress foreign competition in order to obtain surplus profit and the colonies become dumping grounds. The system as a whole facilitates the increase of the rate of profit for the monopoly organization. This policy of finance capital is imperialism.<sup>19</sup>

Bukharin cites the following three factors as the fundamental motives for the conquest policies of modern capitalist states :

- (1) increased competition in the sales market.
- (2) in the markets of raw materials.
- (3) foreign spheres of capitalist investment.

This is what the modern development of capitalism and its transformation into finance capital has brought about.<sup>20</sup>

This process of the organization of the economically advanced sections of world economy has been accompanied by an extraordinary sharpening of their mutual competition.<sup>21</sup>

In all that has been cited there has been a striking similarity of the two views.

Bukharin's view is also similar to that of Lenin in that he rejects the view that colonial policy brings nothing but harm to the working class. And here he cites the

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19. Ibid., p. 106.

20. Ibid., p. 104.

21. Ibid., p. 108.

example of Kautsky as one of these internationalists.<sup>22</sup>

However, he believes that colonial policy yields a colossal income to the great powers, to their ruling class and to the "state capital trust". This for him is the rationale for the pursuit of colonial policy.

The European workers considered from the point of view of current moment (because it is the colonies that are filled with the horror and shame of the capitalist system) are the winners because they receive increments to their wages due to industrial prosperity.<sup>23</sup>

Lenin, however, does not stress too much on this last point for he is concerned with the emergence of a proletarian revolution on a world scale.

By 1919-20, however, Lenin had come closer to Bukharin on this point when he talked of the "labour aristocracy" of certain countries.

It is clear from this analysis that Lenin must have been greatly influenced by Hobson and Bukharin and to some extent even by Rosa Luxemburg. However, it has to be remembered that both Hobson and Bukharin attached importance to politico-military aspect of imperialism. Indeed, Hobson considered it essentially as a political phenomenon although caused by economic forces. However, Lenin,

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22. Ibid., pp. 164-66.

23. Ibid.,

considered it essentially an economic phenomenon having implications for politics.

In any case, all of them considered finance capital to be the cause of imperialism. A student of colonial history and Indian constitutional development would be puzzled by these assertions of Lenin, Hobson, Bukharin and Rosa Luxemburg. The reality is that imperialism pre-dated finance capital. The Spanish rivalry with Portugal in the first half of the 16th century, England's maritime rivalry with Spain in the late 16th and early 17th century and the rivalry between England, France and Portugal over India and the East Indies took place long before the development of monopoly capital. Nor is Lenin right in his evaluation of the British bourgeoisie in the first part of the nineteenth century. Bourgeoisie interests at this time were represented not by the conservatives but by the liberals and Disraeli's statement of that time cannot be made the basis of analysis. Indeed British business demanded not only the end of the monopoly of East India Company but also wanted a protected market for all British business. At the same time, however, they wanted free competition among this business. The Charter Acts of 1813 and 1833, thus, permitted all British business to trade with India.

Secondly, the anxiety of people like Disraeli was not the result of the colonies being "white elephants"



economically but rather because holding colonies, particularly white colonies was becoming increasingly difficult and politically expensive. On the one hand they expected to be defended by the mothercountry while at the same time they were professing the desire for self-government and freedom. At any rate Lenin recognized that there was a complete reversal of this policy towards the end of the nineteenth century and Rhodes and Chamberlain advocated imperialism, i.e. with the advance of finance capitalism in the United Kingdom.

It was stated above that there is a difference between the Hobson-Bukharin thrust and Lenin's emphasis in their understanding of imperialism ; whereas the Hobson-Bukharin emphasis is more political, Lenin is essentially economic. Thus Lenin sees imperialism as having the following attributes :

- (1) the concentration of production and capital has developed to such an extent that it has created monopolies which play a decisive role in economic life.
- (2) the merging of bank capital with industrial capital and the creation can be the basis of this finance capital of a financial oligarchy.

- (3) the export of capital as distinguished from the export of commodities acquires exceptional importance.
- (4) the formation of international monopolist capitalist associations which share the world among themselves.
- (5) the territorial division of the whole world is completed.<sup>24</sup>

It is clear from the above that four of these characteristics are economic, while the fifth is politico-economic. To be sure Lenin recognized that political dominance is useful but basically finance capital was the "decisive-force". In other words while the economic was a necessary condition of dominance, the political aspect was not. This point is very important and needs to be kept in view in the context of the study of neo-colonialism.

This view of imperialism is of course vastly different from Kautsky's even though it may superficially seem to be so as Arrighi would have us believe Lenin's objective in criticizing. Kautsky was, according to Arrighi not so much due to theoretical reasons as to political considerations. Arrighi notices "a deliberate terminological ambiguity in Lenin's theory of Imperialism. Indeed

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24. V.I.Lenin, Imperialism, The Highest Stage of Capitalism, Selected Works, Vol. 5(London, 1936), p. 81.

according to him Lenin was confusing between the "rules of scientific work and those of political activity."<sup>25</sup>

Kautsky, it will be recalled had developed the concept of ultra-imperialism."

"From the purely economic point of view, it is not impossible that capitalism will yet go through a new phase that of the extension of the policy of the cartels to foreign policy, the phase of "ultra-imperialism."

Kautsky had thus conceived of a super-imperialism, and not of conflicts among them. Clearly the implications of this would be disastrous from the point of view of a Marxist activist. If capitalism could develop peacefully where, indeed, was the chance of revolution? Lenin sought to demonstrate that the emergence of colonialism" by sharpening contradictions had increased the chances of revolution.

Now what were these contradictions?

In his writings before 1917, Lenin had accepted the concept of the interaction of the three contradictions of capitalism at the stage of imperialism.

- (1) the contradiction between the bourgeoisie of the metropolitan country and that of the colony.
- (2) the contradiction between the various imperialist powers.

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25. Ennamel Arrighi "Current Myths of Underdevelopment", New Left Review, No. 85 (May-June, 1974). p 61-82

(3) the contradiction between the proleteriat and the bourgeoisie of the metropolitan country.

These contradictions according to Lenin were important in the development of imperialism. In fact, in Lenin's view, monopoly capital "intensified all the contradictions of capitalism."

To these three after 1917 Lenin added a fourth contradiction i.e. between capitalism and socialism on an international level. In fact in Lenin's view each interacted upon the other two and sharpened them.<sup>26</sup>

Arrighi, also sees like Lenin a proletarian victory in the long run but is hazy about how it will take place.

It would be interesting to note that, as against the views of both Lenin and Hobson on the one hand and Kautsky and Arrighi on the other attributed the new imperialism after 1870 not so much to the export of surplus capital from Europe but to an increasing international competition.

Bernard Semmel shows how Arrighi talks in terms of the multi national weakening state boundaries while increasing homogeneity and interdependence of nations. Interpreting Arrighi he says that in effect on the basis of events since 1945 and particularly the 1960's Arrighi arrives at a conclusion very much like the vision of ultra-imperialism which Kautsky produced in 1914. After the war

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26. Shanti Swarup, A Study of the Chinese Communist Movement (Oxford, 1966), pp. 23-25.

Hilferding also came to agree with Kautsky and it was only because of the prestige which Lenin acquired after the revolution of 1917 that made Kautsky's view anathema to the Marxists.<sup>27</sup>

However, what Arrighi is missing is that the idea of super-imperialism developed for a world of capitalism cannot be applied to a situation where socialist revolutions have already taken place.

### III

Imperialism, was thus the general umbrella term which Hobson, Lenin and a number of other Marxist and non-Marxist analysts employed to describe the dominance of finance capital of one country over other countries. What is important in our study is how they view the various forms imperialism may take besides the direct formal form.

As early as 1902, Hobson was able to visualise the existence of a relationship of indirect economic control. Thus he said it was not necessary to own a country in order to do trade with it or to invest capital in it.<sup>28</sup>

However, Hobson did not draw a clear cut distinction between this form of imperialism and imperialism arising

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27. Bernard Semmel - "Arrighi's Imperialism" New Left Review, No. 118 (Nov.-Dec., 1979). p 73-80

28. Hobson, n. 10, p. 78.

out of direct political control which Lenin was to make later.

It appears, therefore, that Lenin's distinction between the various forms of imperialism were not borrowed from Hobson or any other writer. Indeed, he conceptualized at least three types of dependency including the form of direct political control. This form involves the loss of political independence of the subjected people. Lenin argued that finance capital finds this form the "most convenient and derives the greatest profit from" this form of dominance.

A second category is "the small colonies of the small states." These small states retain their colonies because the big powers are torn by conflicting interests ... which prevent them from coming to an agreement on the division of the spoils. As to the "semi-colonial states", they provide an example of the transitional forms which are to be found in all spheres of nature and society. Finance capital, according to Lenin is,

such a great, such a decisive .... force in all economic and all international relations that it is capable of subjecting and actually does subject to itself even states enjoying the fullest political independence ... In this respect, the semi-colonial countries provide a typical example of the middle stage. It is natural that these semi-dependent countries should have become particularly bitter in the epoch of finance capital.<sup>29</sup>

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29. V.I.Lenin, Collected Works, Vol. XXII, p. 259.

But there are also the diverse forms of dependent countries which are politically, formally independent but in fact, are enmeshed in the net of financial and diplomatic dependence - typical of this epoch - the semi-colony. Thus Lenin recognizes the existence of a new situation of semi-colonialism where direct economic control gives the metropolitan country indirect access to the political machinery of the state. He, here, cites the example of Argentina.<sup>30</sup>

But here he also cites the example of a third form of control - a form of financial and diplomatic dependence accompanied by political independence - the example of Portugal. He thus says,

Portugal is an independent sovereign state but since the war of Spanish succession, it has been a British protectorate, Great Britain has protected Portugal and her colonies in the fight against France and Spain. In return Great Britain has received commercial privileges. Relations of this kind have always existed but in the epoch of capitalist imperialism they become part of a general system. They form what Lenin calls a part of the sum total of "divide the world relations."<sup>31</sup>

The issue which arises is how is the concept of neo-

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30. Lenin, n. 25, p. 78.

31. Lenin, n. 25, p. 78.

colonialism different from the idea of semi-colonialism or the type of relations which Great Britain had with Argentina or Portugal. Is the concept of neo-colonialism in some essential way different from the relations conceptualized by Lenin.

#### IV

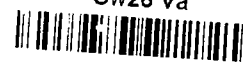
Concerning ourselves now with the third issue of analysis, we find, Hobson, engaged in his exercise of discovering the features of imperialism, talking in terms of a parasitism and decay of capitalism. He says that there are two factors which led to the weakening of the colonial powers in relation to what he terms 'outside barbarians'.

One is the factor of economic parasitism by means of which the ruling class has used its provinces, colonies and dependencies in order to enrich itself and to bribe its lower classes into acquiescence. This "bleeding of dependencies" which weakens the colonial masters, leads to an invitation and ends up in revolutionary fervour among the subject races against the imperialist power.<sup>32</sup>

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32. Hobson, n. 1, p. 194.

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Thus he says,

"Even the active classes endowed with initiative, political ambition, patriotism and education are silently but strongly hostile to British rule for their chances of a free career under native goods had been spoiled."<sup>33</sup>

Incidentally, this is also what Fanon portrays in, The Wretched of the Earth, where he attributes this revolutionary fervour to psychological factors emerging as a result of colonization.

Closely connected, and perhaps arising from the above, is the form of parasitism, namely, the employment of mercenary forces. This is the most fatal system of imperial infatuation whereby the oppressor deprives himself of the habit and instruments of effective self protection and hands them over to the most capable and energetic of his enemies.<sup>34</sup>

Hobson argues that the masses, in the dependency, are not primarily concerned with religious liberty, personal liberty, equal justice and perfect security in the face of economic exploitation and poverty.

Hobson also shows how imperialism operates in the successful subjugation of the colonies. The chief economic condition according to him, which is favourable for

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33. Hobson, n. 1, p.

34. Hobson, n. 1, p. 194.

colonization is that there is an ever growing demand for tropical goods, the abundant overflow of capital from modern states seeking an investment, everywhere in the world where cheap labour can be employed upon rich natural resources.

At many other places, Lenin in his analysis even on this point seems in large part to agree with Hobson that imperialism is by its very nature marked by economic parasitism.

A second aspect with which he is in full agreement with Hobson is the employment of mercenary forces. However, he feels it is necessary to add to the first i.e. economic parasitism "a requirement of high monopolistic profits", which he feels Hobson has ignored.<sup>35</sup>

However, here Lenin is probably less fair to Hobson. In fact, Hobson has dealt with the issue of profits from these investments at some length.

At the sametime, Lenin quotes Hobson several times in approval of his analysis of the "parasitism concept."

Thus, Lenin says that Hobson has correctly appraised the significance of a talk of a "United States of Europe." Normal Angel had, for instance, maintained that sheer economic logic would lead to cooperation among various countries bringing them into a single political formation.

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35. Lenin, n. 25, p. 94.

This view, however, ~~Lenin~~ rejected. He said that instead of a United States of Europe, there would be the formation of a European federation of great powers which instead of working for the emergence of world civilization might introduce the dangers of Western parasitism. This phenomenon of parasitism arises from the fact that the "ruling classes" of the metropolitan countries

"draws vast tribute from Asia, and Africa with which they support great tame masses of retainers no longer engaged in the staple industries of agriculture and manufacture but kept in the performance of personal or minor industrial services under the control of a new financial aristocracy."<sup>36</sup>

However, Lenin held that though Hobson was right in stating this, he has missed mentioning that even within the working class itself there are forces which are becoming parasitic and partners in imperial parasitism.

Indeed, Lenin states,

"Imperialism which means the partition of the world and the exploitation of other countries, which means high monopoly for a handful of very rich countries creates the economic possibility of corruption of the upper strata of the proleteriat which then leads to the growth and strengthening of opportunism."<sup>37</sup>

It is obvious from the above that Lenin is moving from an analysis of the phenomenon of imperialism,

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36. Lenin, n.125, p. 95.

37. Ibid.

colonialism, semi-colonialism and their characteristics to politics. After all, Lenin's primary interest was a proletarian or socialist revolution and he was interested in an examination of the forces which would either assist or retard revolutionary possibilities. It is from this perspective that Lenin makes a detailed analysis of the various contradictions of capitalism in the era of imperialism. Nor is Lenin writing from the colonial perspective but rather from the perspective of the revolution in the metropolitan countries.

What is therefore missing in his analysis, is as a result of looking at the phenomenon of imperialism from this particular angle.

In the first place Lenin does not lay too much emphasis on the coercion element which is necessarily a major characteristic of the colonial power/colony relationship. The extracting of raw materials, the use of cheap labour force, the dumping of finished goods, all without so much as asking, are all reflective of this.

He does, of course, take the factor of the destruction of indigenous industries, but does not pay attention to the linking of the economy of the periphery to that of the metropolitan country, of the total control and lack of independence that the dependency suffers from.

In the third place, Lenin's basic consideration is

the emergence of a proletarian revolution. Here, however, he does not see the proletariat in the colony as an independent entity capable of an independent revolution. Rather, he talks in terms of a joint revolution for it, in which the proletariat in the colony has in relation to that of the proletariat of the metropolitan country a position of subordination. It was only after the Bolshevik Revolution, that Lenin began to attach some importance to the national question from the view point of the colonial country.

Lenin, as we have seen, was basically concerned with the social revolution and as long as the national revolution coincided with the social one, he was prepared to support the cause of the national revolution earnestly. However, if the two were inconsistent, he was "unwilling to make any sort of concession in the interests of national revolution."<sup>38</sup>

What led Lenin to change his opinions, resulted to a considerable extent from M.N.Roy's thesis.

Now, Roy's thesis was fundamentally different from that of Lenin's in several respects. Basically, he insisted that it was the responsibility of the <sup>COMINTERN</sup> ~~committee~~ and the communist parties of the imperialist countries to realize their relations with "the revolutionary movement in the

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38. Swarup, n. 20, p. 23.

colonies - through the medium of (those) parties or group which strive to be in close connection with the working masses."<sup>39</sup>

Roy under some pressure from Lenin, did concede that the bourgeois could be revolutionary. But, Roy still emphasized that the bourgeoisie as a class could not take part in the revolution. The leadership according to him had to come from the proletariat, although Roy did recognize the utility of the cooperation of the bourgeois nationalist revolutionary elements.

However, Lenin himself accepted Roy's thesis and in fact paid special tribute to them.

Besides, Lenin did not see nationalism as a political category. He saw the economic variable as the only independent variable and all other variables as dependent on it. This is, of course, understandable to a certain extent as he was an out and out Marxist.

Indeed, Lenin was also unable to see that capitalism would not come to an end. He had thought that intense competition and the scramble for markets (which he had prophetically been able to foresee) would reach a climax and would ultimately lead to the demise of capital. What Lenin could not foresee was the emergence of quasi-

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39. M.N.Roy, Supplementary Thesis on the National and Colonial question ; Theses and Statutes of the Third Communist International (Moscow, 1920), p. 72.

permanent structures of dominance and ~~control by means of~~ management, and control by means of management of internal contradictions of imperialism. Indeed, he was unable to see that the developed countries would combine against the colonial world.

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Having taken Lenin's view of imperialism into account, it would now be proper to see what Stalin has to say about the phenomenon of imperialism.

Stalin has not contributed much to the theoretical development of the concept, the nature of imperialism or the idea of colonialism. For these, he bases himself entirely on Leninist postulates.

Rather, he devotes himself to the task of dealing with Communist strategy and all the more so in regard to the overthrow of the imperialist forces in the whole of the non-communist world (which of course included the colonies).

There is to be sure, a certain difference of emphasis in his writings. Unlike Lenin, Stalin had lost hope in the proletarian revolution in the developed West. His focus, therefore, was on the colonial movements.

According to him the increased pressure that was being brought to bear on the colonies and dependencies as

also the reinforcement there, of the oppressed. Peoples in the colonies and the working class in the metropolis.<sup>40</sup>

This revolutionary fervour, he believed would lead to the degeneration of imperialism. The emergence of the U.S.S.R. as victorious and no longer attached to the world capitalist system would result in the shaking of the very foundations of world capitalism.

In explaining how world capitalism would come to an end, he made a distinction between old pre-monopoly capitalism and new monopoly capitalism.

He shows how the development of capitalism by means of free competition was replaced by huge monopolist capitalist combines. While in its early phase, this finance capital expanded to "vacant" territories, this position had undergone a change since the 1870's, when the conflict between various imperialisms had become more intense and acute. It is clear from the perspective of the European powers, or else how could he talk in terms of "vacant" spaces. After all, even these people lived their own lives, but they were vacant in the sense that no European states controlled them.

In the Report of the Central Committee to the 16th Congress of the C.P.S.U. in June, 1930 he states, "the world economic crisis is "laying bare and intensifying the

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40. J.V.Stalin, Political Report of the Central Committee of the CPSU(B), Selected Works, Vol. 12 (Moscow, 1956), pp. 257-258.



"contradictions" between the imperialist states and the colonial and dependent countries. The growing economic crisis cannot but increase the pressure of the imperialists upon the colonies and the dependent countries which are the chief markets for goods and sources of raw materials. Indeed, the pressure is increasing to the utmost rate.<sup>41</sup>

The implication, of what Stalin argued, was that imperialism results in passing on the pressure of economic difficulties such as the economic crisis, availability of excessive supply of capital onto the colonies.

This was not because of what Stalin calls the "pressure for raw materials" but rather because of a surplus of perishable primary goods which were going waste and unused. The imperialist powers were, at this time making use of their buffer stocks for the continued functioning of their industry and production of secondary goods.

Secondly, even the non use of secondary goods over a longer period of time was possible, and thus the metropolitan country had this advantage, also, over the colony.

These are then the important classical theories of imperialism. According to this point of view, imperialism was an inevitable consequence of disproportionate industrial power and consequent political power that had been established by Europe and North America in the 19th and

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41. Stalin, n. 40, pp. 257-258.

20th century, though not specifically of monopoly capitalism.

However, there are other theorists of imperialism who, are in a sense classical, in their orientation. Thus, some historians have denied that any significant number of Europeans ever wanted to govern Africa, Asia or the Pacific - they were not positive imperialists. But, as European involvement in many parts of these regions intensified, it became apparent that it was impossible for European governments to ignore the political consequence of these proliferating contacts. On the other hand, Europeans of different nationalities were coming into conflict in these peripheral areas and the other few indigenous governments or social structures could not for long operate effectively once the pressure of alien interference emerged. Colonialism was the consequence of these two difficulties.

The world was geographically divided to resolve conflicts of interests between the powers; formal political rule was imposed to stop chaos and to provide a satisfactory framework for European enterprises of all kinds. Ultimately, decolonization came when and because under colonial rule these non-European societies had reached a level of efficiency which would enable them to manage on their own as sovereign states.

This peripheral approach to imperialism assures that

most imperialists were "reluctant" imperialists."<sup>42</sup>

But there have always been other scholars and historians who argue that imperialism was an act of will and constituted a deliberate choice on the part of the imperialists. Thus, imperialism has been defined "as the deliberate act or advocacy of extending or maintaining a state's direct or indirect political control over any other inhabited territory."<sup>43</sup>

Of course, it is possible that this control might have been imposed in the beginning because a political vacuum might have existed. Later, it might have been as a result of deliberate governmental and national policy.

This formulation, can of course, be conveniently used to represent a wide range of explanations of imperial expansion which emphasize as a positive and calculated assessment of rewards making colonialism strictly functional.

There are still others, such as of Labefur in America and H.V. Weblar in Germany who talk in terms of "Social imperialism". Now this term "social imperialism" is vastly different from the usage of the same terms employed by the Mao-Tse-tung and other marxists since the 1960's. It will be recalled that Mao and others regard social imperialism as the imperialism of a socialist

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42. D.K. Fieldhouse, Colonialism - An Introduction : 1870-1945 (Widenfeld and Nicolson; London, 1981), p. 4

43. Fieldhouse, n. 43, p. 6

century.

The classical theorists, however, maintained that the drive for imperialism in the 19th century was largely the need of the advanced industrialized nations to cope with the strains imposed on their societies by periods of irregular unstable economic growth.<sup>44</sup>

All these views of imperialism are, thus, in a sense classical views of imperialism. We can term them "classical" as they deal with defining the exploited/exploitative relationship in the classical manner of direct political control over the colonies.

In the next chapter we hope to consider among, other things, the semi-colonial form of dependence which takes expression basically in the writings of Mao-Tse-tung and M.N.Roy.

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## CHAPTER - II

### THE CONCEPT OF NEO-COLONIALISM

In the last chapter, an analysis was made of the concept of colonialism — the most direct and open form of imperialism. We examined this concept in the context of the writings of thinkers such as Hobson, Lenin and some others. It was shown that according to these thinkers even though the basis of modern imperialism was economic, direct political domination was considered to be a necessary condition (as distinct from sufficient condition) of colonialism. Indeed even though when finance capital sought to move into a territory, it sought the help of the diplomatic and military power of the state to gain political dominance over the territory for its own aggrandisement.

Of course, Lenin had recognised the existence of another more subtle and disguised form of control, which existed in what he called the "semi-colonial states."<sup>1</sup> But he had just touched upon the idea and not developed it in any

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1. V. I. Lenin, Collected Works (Moscow, 1964), Vol. XXII, p. 259.

detailed manner. But he did, of course, state clearly that a semi-colony while subject to economic penetration was not under the political control of the metropolitan power. At best the political control remained in the background. In the pamphlet, Imperialism The Highest Stage of Capitalism, he was primarily concerned with the nature of the First World War which was then going on. He asserted that this war was being fought for the imperialist division of the world. The semi-colonial relationship was not one of the major interests of the pamphlet. Indeed, Lenin had asserted that semi-colonialism was a temporary situation. On this point, it would be useful to quote him at length :

As to the semi-colonial states, they provide an example of the transitional forms which are to be found in all spheres of nature and society.... Of course, finance capital finds most convenient and derives the greatest profit from, a form of subjection which involves the loss of political independence of the subjected country and people. In this respect, the semi-colonial countries provide a typical example of the "middle stage"<sup>2</sup>

It is clear from the above that Lenin's view, semi-colonial dominance-dependence relationship was only a step towards the stage of a country becoming a full-fledged colony.

But almost as soon as the pamphlet was written, the forces in the world were moving against direct political

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2. Ibid.

imperium. Apart from the emergence of nationalist movements in Asia and elsewhere, American influence under the Wilsonian dispensation was not generally favourable to direct political domination.<sup>3</sup> But Lenin did not focus his attention on this new problem. Even in the Theses on the National and Colonial Question which Lenin presented to the Second Congress of the Communist International, he did not deal specifically with the phenomenon of semi-colonialism.

Some scholars have argued that M.N.Roy, a brilliant Indian revolutionary intellectual contributed a great deal to Comintern's understanding of the colonial question.<sup>4</sup> A careful reading of the Supplementary Theses which Roy presented at the Congress indicates Roy's total unawareness of the semi-colonial phenomenon.<sup>5</sup> And this was despite the fact that he knew the United States first hand and had visited Mexico; indeed he knew the President of Mexico.<sup>6</sup> And if semi-colonial relation has any meaning, then certainly Mexico came close to it at that time. The reason for his failure to comprehend this phenomenon was perhaps because Roy's understanding of the colonial problem was largely coloured by the Indian experience. So much was Roy influenced by this idea of the linkage between political and economic control that when he propounded his favourite Theses on Decolonization, his

3. This was not due to altruistic motives. American influence with indirect forms of semi-colonial control seemed to work very well. They made all the profit and were not expected to have any responsibility towards the area they controlled

4. Shanti Swarup, A Study of the Chinese Communist Movement (Oxford, 1966), "Su

5. "Supplementary Theses on the National and Colonial Question", Theses and Statutes of the Third Communist International (Moscow, 1920), pp. 71-73.

6. M.N.Roy, Memoirs (Bombay, New Delhi, 1964), pp. 43-44, 60-64 & 151

central argument was that the rate of expansion of imperialist investment in the colonies was declining and the native bourgeoisie were being allowed the opportunity of expansion of their investment. For this reason, he thought that colonialism was on the way out.

The major theorization and conceptualization of the nature of semi-colonial relation was primarily done by others and not by Lenin and Roy. Unlike in the case of colonialism, not much work in this area was done by non-marxist liberal thinkers. Indeed, the implications of this concept were primarily worked out by later marxists. But the most significant work in this area has come from a marxist of a semi-colonial country, Mao-Tse-tung, although the Comintern's theorists, notably, Kuusinen has also made some contribution to our understanding of the concept of semi-colonialism.

The Comintern theorists discussed this question in 1928 and Kuusinen was asked to prepare the Theses which were adopted. It was here that the Comintern formally distinguished between three categories of colonies. It referred in the first place to those colonies such as Australia and Canada which had served the capitalist countries as colonizing regions for their surplus populations.<sup>7</sup> These colonies became extensions of the capitalist system and in a sense partners of the metropolis<sup>8</sup> either remaining in the background or being a reserve factor. But the crucial point was economic dominance without direct political control.

A distinct from these 'Dominions', there are colonies and semi-colonies. In developing the idea of semi-colonies, the Comintern resolution based itself to a

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7. Jane Degras, The Communist International (London, 1960), Vol. II, p. 534.

8. Ibid.



considerable extent on the Latin American experience with the metropolitan countries. The resolution argued that

The growing economic and military expansion of North American imperialism is transforming this continent into one of the most important focal points of antagonism within the colonial system. The influence of Great Britain which before the war was decisive in these countries and reduced many of them to the position of semi-colonies is since the war being replaced by their still closer dependence on the United States. By increased capital exports — North American imperialism is capturing the commanding position in the economies of these countries.<sup>9</sup>

This resolution, therefore clearly stated that semi-colonialism involved the idea of dependence, dominance in the economic sense. Indeed, the point was made that even American imperialism was subordinating their Governments (i.e. the Governments of Latin America) to its own financial control.<sup>10</sup> In other words, it is the economic and financial control by the metropolis of the colonies which contributes the essence of semi-colonial dominance.

The Comintern Theses do not however draw much other

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9. Ibid., p. 532.

10. Ibid.

distinction between the colonies and the semi-colonies. Thus the semi-colonial relationship also is as parasitic as the colonial relationship. The Comintern resolution asserted that "In its functions as colonial exploiter, the ruling imperialism is related to the colonial country primarily as a parasite, sucking the blood from its economic organism."<sup>11</sup> The Theses tackles the problem very often made by metropolitan countries that they were performing a 'civilising mission' in the colonies. It accepts the view that the metropolis represents a highly developed civilization as compared to its victim. But that factor only makes it much more power full and dangerous an exploiter but ... does not alter the parasitic character of its functions."<sup>12</sup> In the context of the future development of the concept of neo-colonialism, it is interesting how the theses came quite close to the contemporary issue of the role of the Metropolis in economic development of the satellite and the linkages between the Metropolis and the class formations and other social formations in the satellite. The linkage between the metropolis and the Satellite basically hinders the development of the productive forces of the colonies. But it maintained that

Some colonial exploitation presupposes some encouragement of colonial production. This is

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11. Ibid., p. 534.

12. Ibid.

directed on such lines and promoted only in such a degree as corresponds to the interests of monopolies and in particular to the interests of the preservation of its colonial monopoly.

It is clear that this view of development more or less corresponds to the interpretation of developmental aid which thinkers of neo-colonialism make. In a sense development is lop-sided and it takes place in areas which would not allow independent political development. Thus a great part of the peasantry is encouraged to give up food crops and traditional cultivation in order to produce cash crops such as sugar, cotton and rubber which are needed by the metropolis.

The Theses continues that imperialist intervention leads to the incorporation of the large mass of the colonial population which is confined to the village and is connected with the land. This in turn gets drawn into a money and commodity economy resulting in the pauperization of the peasantry."

As regards the linkage between imperialism and the colonial social relations, the theses maintained that <sup>it</sup> either remaining in the background or <sup>was</sup> being employed as a reserve factor. Lenin had not however, dealt with <sup>the</sup> relationship in depth. Indeed he had at that time been holding to the view

that where the ruling imperialism is in need of the social support of the colonies, it first allies itself with the ruling strata of the previous social structure, the feudal lords and the trading and money lending bourgeoisie. Everywhere imperialism attempts to preserve and perpetuate all those pre-capitalist forms of exploitation which serve as the basis for the existence of its reactionary allies.

Clearly this analysis was motivated by the desire to evaluate the chances for a revolution in these countries. We are not concerned with the purpose of the Comintern but with the analysis of the nature of a semi-colony. And in so far as that is concerned the Comintern Theses throw considerable light on it.

But perhaps no other thinkers has contributed as much our understanding of a semi-colonial society as Mao-Tse-tung. In a sense it was natural. Mao was perhaps the most important revolutionary thinker of the semi-colonial world and it was perhaps by comprehending the phenomenon of semi-colonialism in all its manifestations that he was able to make a successful revolution.

Mao argued that China was not merely a semi-colony, it was a semi-colony of a special type. It was a large semi-colony which was being contended for by many imperialists.

As early as 1928, Mac-Tse-tung argued that China was a semi-colony. He asserted that unlike a colony which is under the dominance of a single metropolitan country, He contended, on the other hand that China was a 'semi-colony which was being contended for by many imperialist countries.<sup>13</sup> Now a semi-colony has according to Mao a dependent economy.<sup>14</sup> The economy of such a society is a semi-colonial and semi-feudal economy.<sup>15</sup> Imperialism in such a society control all the important trading ports."<sup>16</sup> They run most of the light and heavy industries.<sup>17</sup> They control the bulk of banking and financial institutions. They get into working relations with comprador class in the cities in order to establish a network of exploitation for the purpose of facilitating their exploitation of the country.<sup>18</sup> In the country side — and here we can see how Sweezy, Baran, Frank and Amin differ from him — the economy continues to be predominantly feudal and semi-feudal.<sup>19</sup> Of course, some formation of national capitalism takes place. But it does not become the principal socio-economic form

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13. Mao-Tse-tung, "Why Is It that Red Political Power Can Exist in China, in Mao Tse-tung, Selected Works(Peking, 1977), Vol. I, p. 65.

14. Ibid.

15. Mao Tse-tung, "On New Democracy", in Mao Tse-tung, Selected Works, (New York, 1954), Vol. III, p. 108.

16. Mao Tse-tung, "The Chinese Revolution and the Chinese Communist Party", in Mao Tse-tung, Selected Works(New York, 1954), Vol. III, p. 79.

17. Ibid.

18. Ibid.

19. Mao, n. 15, p. 108.

in China, quite feeble in strength, it is mostly tied to both foreign imperialism and domestic feudalism.<sup>20</sup>

There is, of course, some confusion in Mao's writings on the impact of imperialism in a semi-colonial economy. Thus on the one hand, he asserts that imperialism, with all its financial and military might, contributes the force that supports, animates, fosters and perpetuates the feudal survivals."<sup>21</sup> On the other, on the same page, he maintains that imperialism accelerated the disintegration of China's feudal society, caused factors of capitalism to emerge in China and transformed the feudal society into a "semi-feudal one". Now there is clearly all the difference in the world between supporting something and accelerating its disintegration. One position is marxist, the other is quite close to what Frank was to say much later.

Be that as it may, Mao argues that the politics of this society is determined by the semi-colonial nature of its economy. As a result of the operation of imperialism.

The autocratic rule of the emperors and the nobility has been overthrown and in its place have arisen first the rule of the war lords and bureaucrats class origin and the joint dictatorship of the landlord class and the big bourgeoisie.<sup>22</sup>

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20. Mao, n. 16, p. 81.

21. Ibid., p. 80.

22. Ibid., p. 181.

In identifying the power structure of China, Mao identifies "powerful feudal forces ... and reactionaries among the bourgeoisie allied to each other."<sup>23</sup>

But it has to be noted that Mao is not writing about any colony. He is writing about a semi-colony which is big and which is contended for by the various imperialist powers<sup>24</sup>. In such a situation there are "contradictions" inside China's power structure. The warlord system to which reference has been made earlier arises from the peculiar situation of China. Each warlord had the support of some imperialist powers and the conflict between different war lords represented in a sense the conflict between various imperialist powers. This explains the fact, he said, of prolonged strife within the ruling group and why the fight intensifies and expands day by day."<sup>25</sup>

But this conflict of interest between various imperialist forces need not be a factor in all semi-colonial situations and consequently a semi-colony may be completely dominated by one imperialist power.

However for Mao the cultural aspect was as important as the political variable. It is interesting that as early as 1939, Mao felt deeply concerned about the impact which

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23. Ibid., p. 84.

24. Mao, n. 13, pp. 63-70.

25. Ibid.

the semi-colonial relationship has on the culture of a society. In conformity with China's semi-colonial economy and polity, China's culture is also semi-colonial and semi-feudal. According to Mao there is in China an imperialist culture which is a reflection of the central or partial control of imperialism over China, politically and economically. This part of culture is advocated not only by the cultural organizations run directly by the imperialists in China but also by a number of ... Chinese. All culture that contains a slave ideology belongs to this category.<sup>26</sup>

Mao in fact believed that in a colonial and semi-colonial society, imperialist powers seek to poison the minds of the Chinese people. Their aim is to train intellectuals to serve their interest."<sup>27</sup> Here is an important point to which Mao has referred again and again. The central point here is that in a semi-colonial relationship, people tend to accept the attitudes and values of the dominant imperialist power because a given culture is the "ideological reflection of the politics and economy of a given society".<sup>28</sup> Indeed the controversial cultural revolution" which Mao launched in 1966 was first conceived by him during 1939-40.

This point about cultural dominance is important because this has been referred to time and again in the

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26. Mao, n. 15, p. 141.

27. Mao, n. 15, p. 80.

28. Mao, n. 15, p. 141.



writings of thinkers who deal with neo-colonial relationship. Indeed, it is interesting that Mao, Nkrumah and Nyerere all refer to the cultural variable.

This imperialist culture however, does not completely replace the old culture. Indeed Mao argues that this co-exists with the old feudal culture. In fact in his view, these two cultures, the "imperial culture and semi-feudal culture are devoted brothers and have formed a cultural alliance.<sup>29</sup>

Mao thus examines in depth the impact of semi-colonial condition on the politics, economy and culture of a society. But unlike some of the thinkers of the idea of neo-colonialism, Mao is far more optimistic about the future. Like them he also sees the difficulty in the path of social transformation. But unlike them he sees a far 'brighter silver lining'. He sees that there are forces which can be united against the dominance of the imperialist powers.

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29. Ibid.

### CHAPTER - III

#### DIMENSIONS OF NEO-COLONIALISM : WESTERN PERSPECTIVES : NEO-MARXIST THEORIES OF NEO-COLONIALISM

The phenomena of imperialism in its modern form was thus conceptualized within the framework of the dominance by finance capital. This phenomena was conceived to have taken two forms : colonialism and semi-colonialism. However, by the late 1920's, thinkers such as M. N. Roy were asserting that imperialism was on the decline and that the process of decolonization had begun. This view was, however, seriously contested by orthodox Marxists who asserted that imperialism would not give <sup>up</sup> its interests.

This debate naturally acquired fresh significance with the process of transfer of power to native elite in the post-second world war period. Was this the process of decolonization which M. N. Roy had predicted or was this phenomena something else? It was in this context that several new perspectives were developed both in the developed and the under-developed countries.

One of the most influential of these perspectives was of Paul Sweezy and Paul Baran who argued that the under-developed countries continued to be in a state of "dependency". The issue which they faced was how to explain the fact that despite decolonization and freedom, there was persistent and growing poverty of the third world.

The starting point of the work of Sweezy and Baran as for many others is Lenin's pamphlet, "Imperialism, the highest stage of capitalism". They have attempted to study the relationship between the 'exploited' and the 'exploiter' countries within Lenin's framework and have also sought to extend this framework in the context of the post-second world war scenario of decolonization.

But in order to study the phenomena of domination and exploitation in the post-second world war period, they have attempted to go to what they believe to be first principles and have examined the phenomena of capitalist development from its early beginnings, how it culminated into monopoly capitalism and how it eventually led to the emergence of the phenomena of what they called dependency.

In an article, in the Monthly Review Sweezy tackles the problems of capitalism within the marxist framework.<sup>1</sup> Now Marx had assigned to competition an indispensable role as the "enforcer" of the "laws of capitalism". However for

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1. Paul M. Sweezy, "Competition and Monopoly", Monthly Review, Vol. 33, Article May 1981, p. 9.

Marx, capitalism was neither the culmination of the process of capitalist development nor was it "perfect" or "pure". Nor indeed, could competition end in equilibrium. In fact, Marx recognized that there were several obstacles to competition, but these were left over from pre-capitalist formations, which were in the process of disappearing with the development and spread of capitalist relations of production. By the end of the 19th century, the concentration of capital had proceeded to a point which transformed capitalism from the competitive stage to what Lenin called Finance Capitalism and others have characterized as monopoly capitalism.

Unlike Lenin, however, Sweezy is an academic and he had to satisfy not merely his marxist conscience but also his academic conscience. How could he ignore the fact that while competition in the traditional sense had disappeared, there was also only rarely a condition of monopoly in any industry.<sup>2</sup> What had emerged in actual life was the phenomenon of "oligopoly". Sweezy felt that whatever the assertions of revolutionary politicians, such as Lenin, and others about the development of monopolies, the truth was not the elimination of competition but rather the changes in its form and method.<sup>3</sup> In the early stages of the development

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2. Ibid., p. 8.

3. Ibid., p. 7.

of capitalism, when each firm supplied a small share of the market, the chief weapons of competition were only the lowering of the costs and the improvement of quality. Each firm was in a sense competing, to use Macpherson's analysis of Hobbes, against all the other firms in the industry. In order to stay in business, a firm had to do better than the marginal firm; the others were pushed out. The result was concentration on the one hand and the continuous decline in the number of firms in each industry. With the emergence of oligopoly, competition of the more successful firms was with a few others in the industry. And the smaller the number of firms in each industry, the greater the possibility of each one to differentiate itself from others in vital ways and thus to add new dimensions to the competitive struggle.

Here Sweezy is undoubtedly correct about the competitive aspects of the oligopoly but misses the fact that there are large areas of agreement between the various members of the oligopoly of each industry.

At any rate, we are not concerned with the logic of the economic argument of Sweezy and Baran but rather with the implications of it for the relations of dominance and dependence. According to Sweezy, competition forces the capitalist to produce at the lowest of costs. This implies cheap buying of labour, achieving maximum surplus value or

profit. Maximum production also necessitates increase of expansion of market. The need for cheap labour and large markets is perhaps the rational for expansion of the capitalist penetration outside the country.<sup>4</sup>

These altered forms of competition which prevail in oligopolistic conditions create a hierarchy of profit rates which are highest in those industries which approach most closely to monopoly conditions.

Since surplus value is distributed through the mechanism of profit rates, there is a rough correlation between the height of the profit rate and the number and size of firms in a given industry. This in turn will lead to a strong tendency towards a continuing process of concentration and centralization and for most surplus value to be sucked by the large-scale and more monopolistic ones. The more the total amount of surplus value, there will be a greater tendency for a rapid accumulation process which in turn will result in the over all structure of the economy becoming more monopolistic.<sup>5</sup>

Sweezy relates this growth of monopoly capital to under-consumption and over production. Accordingly, "capitalism has an inherent tendency to expand the capacity to produce consumption goods more rapidly than the demand" for them.<sup>6</sup>

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4. Ibid., p. 10.

5. Ibid., p. 12.

6. Paul M. Sweezy, "Theory of Capitalist Development", (Dennis Dobson Limited, London), p. 180.

Now the basic ambition of the capitalist is to maximize profit and accumulate wealth and the satisfaction of this drive requires two interrelated steps.

- (1) Making as much profit as possible, and
- (2) Accumulation of as large a part of the surplus value as possible.<sup>7</sup>

The first, involves, steadily improving the methods of production, and the second, the accumulation of a larger proportion of a growing profit.

Sweezy concedes that consumption rises in absolute terms, but the rise in capitalist consumption is a diminishing proportion of total surplus value and the increase of wages is a diminishing proportion of total accumulation, it follows that the rate of consumption, that is, the ratio of the increase of consumption to total consumption automatically reduces itself relative to the rate of growth of means of production, i.e. the ratio of investment to total means of production. To put it more succinctly, the ratio of the rate of growth of consumption to the rate of growth of means of production declines.<sup>8</sup>

In a sense it follows that under capitalism, there is an inherent tendency for the growth of consumption to lag behind the growth of consumption goods.<sup>9</sup>

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7. Ibid., p. 181.

8. Ibid., p. 181.

9. Ibid., p. 181.

A second and perhaps a more serious contradiction is between the ends of production and the purposes of capitalist institutional arrangements under which production takes place, namely between use value and exchange value. To Sweezy, this contradiction is fundamental to capitalist society from which all other contradictions are ultimately derived.<sup>10</sup>

Given this theoretical framework, Sweezy and Baran deduce the concept of metropole and dependency from the hierarchical character of capitalist system. If capitalism has in it the inherent tendency towards hierarchy of profits, it is bound to have the ramifications of this phenomenon at the international level. According to them, from its earliest beginnings in the Middle Ages, capitalism has always been an hierarchical international system with one or more leading metropolises on the top, completely dependent colonies at the lowest rung of the ladder and many varying degrees of superordination and subordination in between.<sup>11</sup>

These features, according to them are of crucial importance to the functioning of both, the system as a whole and that of its individual components. This fact according to Sweezy has, however, been ignored and denied by bourgeois

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10. Ibid., p. 181.

11. Paul A. Baran and Paul M. Sweezy, "Monopoly Capital" (Penguin Books), p. 178.

12. Ibid., p. 178.



economists and has often been underestimated by even Marxist scholars.<sup>12</sup>

In dealing with the problem of dependency, neither Sweezy nor Baran have tackled the issue from the perspective of the third world. Their principle focus is on the growth of monopoly capital in the developed world and their interest in the satellite is of a secondary nature, i.e. only in so far as the phenomenon of monopoly capital has side effects on the colonies.

However, since our main concern here is with the concept of neo-colonialism we have taken those aspects of his study which shall enable us to understand the conditions under which, in his view the metropolis/satellite relation develops.

According to Sweezy the basic reason for the development of metropolis-satellite relation is to retard the ripening of the contradictions of accumulation process in the capital importing countries.<sup>13</sup>

However, since it was not one, but a number of competing capitalist metropolitan states operating in the international system it is important to take note of the clashing of the divergent and conflicting economic policies of these countries. This had a great impact upon, and led

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12. Ibid., p. 178.

13. Paul M. Sweezy, "Theory of Capitalist Development" (Dennis Dobsons Limited, London), p. 291.

to changes in the internal structure of the countries concerned.<sup>14</sup>

Sweezy takes into account the relation of dominance/subordination, first in the period of competitive capitalism in order to bring out the changes that occurred with the emergence of the stage of monopoly capitalism.

However, what is common to both the stages is that international equality does not imply equality of rates of surplus value. So long as free mobility of labour across borders is restricted, the workers of some countries will continue to be more exploited than elsewhere. And even if the prices of goods everywhere is the same, the rates of profit or of capital accumulation will vary.<sup>15</sup>

In the period of competitive capitalism, corresponding to the first seven decades of the 19th century, the economic policy of the capitalist countries with respect to foreign trade conformed to two broad patterns; (a) free trade, and (b) limited protection. This difference in policy was a consequence of the stage of development in which a country found itself, and its position vis-a-vis the other countries with which it maintained relations and with which it had competition.<sup>16</sup>

A second aspect of economic policy which Sweezy takes

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14. Ibid., p. 293.

15. Ibid., p. 291.

16. Ibid., p. 294.

note of in the period of competition, and which is more important for our analysis, concerns the relations between the economically advanced countries and the backward areas of the world, where the economic system was still, largely pre-capitalist.<sup>17</sup>

In this connection Sweezy feels it is important to take note of the main characteristics of the mercantilist period ranging from the 16th century well into the 18th century. The major trading nations had built up colonial empires of world wide scope.<sup>18</sup>

It is interesting that Sweezy here moves very far from the analysis of Hobson and Lenin who had conceived of imperialism within the framework of monopoly capitalist relations in the stage of advanced industrial capitalism. Another equally important factor is that he attaches considerable importance to political dominance as an instrument of economic domination at this early stage.<sup>19</sup>

The underlying purpose of the colonial system during the mercantilist phase were :

- (1) to secure the safety and property of the merchants engaged in colonial trade,
- (2) to exclude the competition of foreign merchants,

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17. Ibid., p. 294.

18. Ibid., p. 297.

19. Ibid., p. 297.

- (3) to regulate the terms of trade between the mother country and the colony in order to make sure that the bulk of the profit accrued to the former.

Merchantilism therefore, was characterized by the pursuit of an active and aggressive colonial policy.

However, at this point of time the question of the export of capital had not attained the status of a major factor influencing the pattern of economic policy.<sup>20</sup>

However, the last quarter of the 19th century saw a dramatic change in the methods and objectives of economic policy throughout the world.

Three basic factors were responsible for this change.

1. The rise of other nations, notably Germany and U.S.A. as the major challengers to English industrial supremacy.
2. The emergence of monopoly capital.
3. The maturing of the contradictions of the accumulation process in the most advanced capitalist states.<sup>21</sup>

Now clearly it is only the second which constituted the principle reason for the change in the basis of metro-  
polis-satellite relationship.

The objective of monopoly is the reaping of extra

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20. Ibid., p. 278.

21. Ibid., p. 299.

profits through raising price and limiting supply. If foreign producers have access to the monopolist's market it may be impossible to achieve this objective. Thus monopoly capital demands tariffs. Moreover, it demands tariffs not only high enough to equalize advantages enjoyed by foreigners but rather to exclude the foreigner from the market under all conditions.<sup>22</sup>

However, the restriction of supply which the monopolist is forced to practice is detrimental to his interests. It puts a hurdle in the way of optimum utilization of plant capacity and hinders the full enjoyments of the benefits of large-scale production.<sup>23</sup>

This then results in the need for (a) export trade outlets and (b) external investment opportunities. It is this which provides the economic basis for the expansionist imperialist policies of highly developed industrial countries, at the world scale and there is the formation of an international 'cartel' or 'monopoly'.

There are two other effects of monopoly :

1. In the first place monopoly restricts the fields for capital accumulation and this heightens the interest of the monopolist in expanding his export market.

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22. Ibid., p. 300.

23. Ibid., p. 301.

2. It also stimulates the search for profitable foreign fields for the investment of capital.<sup>24</sup>

Thus the stage for imperialism is set.

Now, Sweezy, in basic agreement with Lenin's characterization of imperialism attributes to imperialism the following characteristics.

Thus he defines imperialism as a stage in the development of world economy in which :

- (a) Several advanced capitalist countries stand on a competitive footing with respect to the world market for industrial goods.
- (b) Monopoly capital (which according to him is what Lenin means by finance capital, including the dominance of a small oligarchy of big capitalists), and
- (c) That the contradictions of the accumulation process have reached such maturity that capital export is an outstanding feature of world economic relations.<sup>25</sup>

To these he adds two further characteristics:

- (a) The severe rivalry in the world market which alternatively leads to cut throat competition and the formation of international monopoly combines.

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24. Ibid., p. 307.

25. Ibid., p. 301.

(b) The territorial division of the 'unoccupied' parts of the world among the major capitals powers and their satellites.

Thus, the highest desiderata of monopoly capital must always remain the extension of the range of monopolized products on the one hand and the expansion of the protected market on the other.<sup>26</sup>

The concomittant result of this is the expansion of territory under political domination of the monopolists own country. This can be most successful if the raw-material producing area is under the control of the monopolist state.<sup>27</sup>

Those colonies which produce raw-materials are often sought to ensure not only the supply but also extra profit to the monopolists of the metropolis.

In this sense, therefore, the policy of monopoly capital is both expansionist and annexationist.<sup>28</sup>

Increasingly severe competition in the international market results, which in turn leads to a tightening of the bonds of empire and a revival on all sides of an aggressive colonial policy. Thus as soon as rivals appear each country makes an effort to protect its position vis-a-vis other competitor countries. The result in terms of loss or gain is not so important as compared to the loss or gain which

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26. Ibid., p. 302.

27. Ibid., p. 301.

28. Ibid., p. 302.

would have accrued had a rival succeeded in stepping ahead.<sup>29</sup>

This is a principle of wide application in the economy of monopoly. When applied to the building of empires Sweezy defines it in terms of, "the principle of protective annexation". However, according to him Marxist scholars have not amply stressed on this particular aspect in their study of the expansion of colonial empires.<sup>30</sup>

Another important factor contributing to the transformation of economic policy is the ripening of the contradictions of the accumulation process in the advanced capitalist countries.<sup>31</sup> The falling rate of profit and the tendency to underconsumption put an increasing number of hurdles in the path of accumulation.<sup>32</sup>

Thus to a great extent accumulation in the metropole countries takes place in the form of capital export to the under developed world where wages are low and profits high, where there is an abundance of labour supply and a lack of industrialization.<sup>33</sup>

All these factors create conditions favourable for a delay of underconsumption in the metropolitan countries.

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29. Ibid., p. 302.

30. Ibid., p. 303.

31. Ibid., p. 303.

32. Ibid., p. 304.

33. Ibid., p. 304.



"However, capitalism does not find everything in readiness to receive it in the backward areas". There is a need for political control. And, an aggressive colonial policy is almost imperative and vital because of the<sup>34</sup>:

- (1) intense rivalry between competitive capitalist nations as was mentioned above, and
- (2) secondly, because these people have their own accustomed ways of living, and
- (3) in the third place, once the reins of government are in the <sup>hands of the</sup> imperialist power, a contradiction emerges in the form of a growing national consciousness which imported capitalism breeds in the people of the backward areas and their resistance to the colonial masters.<sup>35</sup>

There is then the consequent strengthening of the arm of force by the capitalist state to maintain its hold over the colony. Thus there is the cry of all capitalists in foreign countries for a strong state power.

However, according to Sweezy, "capital export does not lead to a rapid industrialization of the backward areas"<sup>36</sup> The fields into which capital tends to flow are rather government guaranteed loans for various kinds of public

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34. Ibid., p. 304.

35. Ibid., p. 305.

36. Ibid., p. 305.

works, rail roads, exploitation of natural resources etc. - that is activities which do not compete with commodity exports from industrially advanced countries. Capital export, thus according to him leads to a one-sided development of the economy of the backward areas.<sup>37</sup>

However, Sweezy does not extend the argument further in order to show that development does not take place essentially because it does not "compete with the commodity exports from industrially advanced countries" but rather that this development takes place in order for, both, political control as well as the economic exploitation of the colony.

Yet he does recognize the implications of imperialism. Thus he does take note of the fact that a native bourgeois emerges attempting to foster the growth of native industry. He also realizes that the capitalists in the metropolis represent formidable obstacles in the path of the indigenous bourgeoisie.<sup>38</sup>

At the same time, there is the destruction of the handicrafts industry, by cheap manufactured imports which drives a larger proportion of the native population onto land. In this way, he says "we see the fundamental economic

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37. Ibid., p. 305.

38. Ibid., p. 305.

contradiction of backward regions, the ever mounting agrarian crisis."<sup>39</sup>

On the basis of <sup>this</sup> analysis one sees a dual, contradictory transformation <sup>accruing</sup> ~~occurring~~ in the under-developed world. A drive on the one hand towards a higher form of society, that is, from the feudal to the capitalist (because of the rise of a native bourgeoisie), and on the other a regression with the pushing back of the native population onto land.

We have thus, seen from Sweezy's analysis in "The Theory of Capitalist Development" that he has basically concerned himself with the question of the growth of monopoly capitalism and the emergence of imperialism. It must of course be recognized that Sweezy wrote "The Theory of Capitalist Development" in 1942, i.e. before decolonization had occurred and the center-periphery <sup>relationship</sup> had been developed.

In regard to the growth of monopoly capital Paul Baran is in agreement with Sweezy and therefore there is no need to deal with his view in this matter.

What is important is to take cognizance of their views on the issue of the development of the new relationship between the developed and the under-developed world. The purpose here is to examine their understanding of this relationship which has generally been characterized as

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39. Ibid., p. 305.

neo-colonialism.

It has to be remembered that they look at the whole problem from, (a) completely marxist perspective, and (b) the perspective of a marxist of the industrial societies.

Like many other marxists and thinkers of the New Left, the hope of Sweezy and Baran is for a successful socialist revolution in the under-developed countries and the belief that this is the sole way to progress.

Thus there is a continuing emphasis on the immeasurable profit that can be derived from fully comprehending the process of economic growth that has taken place in the Soviet Union and other socialist countries.

It is their belief that if the under-developed countries do not recognize this, their fate will be stagnation forever.

Thus in his book, "The Political Economy of Growth" Baran shows how the economic development in the under-developed countries is profoundly inimical to the dominant interests in the advanced capitalist countries.<sup>40</sup> The supply of important raw-materials to the industrialized world, providing their corporations with vast profits and investment outlets, the backward world, has always represented the indispensable hinterland of the highly developed western

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40. Paul A. Baran, "The Political Economy of Growth" (Penguin Books), p. 120.

capitalist world.<sup>41</sup>

The United States being the principle and leading capitalist country in the post-world war II period, he says, that it is bitterly opposed to the industrialization of the periphery and to the emergence of a sustained growth and development of the colonial and semi-colonial areas.<sup>42</sup>

This opposition emerged regardless of the nature of the regime in the under-developed country that seeks to reduce the foreign grip on its economy and to provide for a measure of independent growth.<sup>43</sup>

Thus, he holds, whether it was a democratically elected government in Venezuela, Guatemala or British Guiana or an indigenous popular movement, as in Kenya, the Phillipines or Indo-China or again a nationalist administration as that which emerged in Iran, Egypt or Argentina, that fought against foreign control of its country, all leverages of diplomatic intrigue, economic pressure and political subversion were used in order to get rid of these recalcitrant national governments and to replace them with puppet regimes which would toe the line.<sup>44</sup>

Where more radical and revolutionary movements emerged the resistance of the imperialist powers to the economic and

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<sup>41</sup>. Ibid., p. 120.

<sup>42</sup>. Ibid., p. 120.

<sup>43</sup> Ibid., p. 120.

<sup>44</sup>. Ibid., p. 120.

social development was strengthened all the more for this appeared to be a threat to the entire economic and social order of capitalism and imperialism. Under such circumstances, the resistance hardens into a counter-revolutionary alliance of all imperialist powers.<sup>45</sup>

The anxiety of the western corporations to safeguard their investments abroad and to remain assured of the accustomed flow of raw-materials from the backward world is as Baran satirically puts it

"publicized as a patriotic solicitude for the 'free worlds' supply of indispensable strategic materials"

Indeed, he says that much is being made of the aid being given. This according to him is being advertized by the Western world "as a slow gradual improvement of the living standards of the native populations." However, behind it he sees the real motive on the part of the metropolis, to lessen the popular pressure for industrialization and to weaken the movement for economic and social progress.<sup>46</sup>

However, according to him, this scheme of bribing the people of the underdeveloped countries from entering

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45. Ibid., p. 120.

46. Ibid., p. 121.

the road to rapid economic growth has been hindered by a,  
"host of <sup>i</sup>ansuperable contradictions.

The logic of economic growth is such that a  
slow and gradual improvement of living standards  
in less developed countries is an extremely  
difficult project."<sup>47</sup>

This is because what little profit is made at the  
national level is of no consequence in the face of the rapid  
growth of population, the corruption and wasteful use of the  
natural resources by the rulers and above all the draining  
of profits by the foreign investors.<sup>48</sup>

Drastic and far reaching structural changes are  
imperative in the under-developed world in order to bring  
about rapid economic development. According to Baran "the  
mere notions of development and growth suggest a transition  
to something that is new from something that is old."<sup>49</sup>

But the reality is that this development is a pyrrhic  
development. Indeed genuine development is not possible  
within the existing internal structures and the sort of  
relations which exist between the centre and periphery. In  
his view, what has happened to many of these countries even  
after they threw off their imperialist yoke, after a long  
struggle, was to find themselves in a position not very

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47. Ibid., p. 121.

48. Ibid., p. 121.

49. Ibid., p. 122.

different from the former. Their newly won independence often

"precipitates merely a change in their western masters with the younger, more enterprising, more resourceful imperialist powers" (it must be noted that he uses the term imperialist, even here rather than neo-colonialist which is implicit in his argument) "seizing control."<sup>50</sup>

Basically then, what the new relationship implies is : where it is politically no longer possible to operate through the medium of the old outmoded colonial administration, they impose their control through the medium of economic infiltration and dominance. Baran argues that for the management of this model, the United States had greater experience : without direct political dominance of Latin America, it had a near imperialist control over their economies. Baran now argued that the United States was sponsoring the politically independent countries and becoming subsequently the dominant power in the newly liberated regions. Baran asserted that there was some similarity to the under-developed world of today and the lop-sided ~~as the~~ development which took place during the imperialist phase. And in the second place, this aid is directed as much to the furtherance of the interests

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50. Ibid., p. 123.



of the developed world and its capitalist nature as before.<sup>51</sup>

This point has been further developed by the analysis that Baran and Sweezy have made in their book "Monopoly Capital."

As we stated above, they look upon capitalism as an international system. They also see the exploitative/exploited relationship in terms of a hierarchy.

Now what really interests the giant multinational corporations today, which incidentally dominate American policy, is that they want monopolistic control over foreign sources of supply and foreign market enabling them to buy and sell on special privileged terms, to shift orders from one subsidiary to another, to favour this country or that depending on which has the most advantageous tax, labour and other policies. In a nutshell, they want to do business on their own terms and wherever they choose. For this what is required, is not trading partners but "allies" and clients, willing to adjust their laws and policies to the requirements of American big business.<sup>52</sup>

Within this scenario Cuba's assertion of her sovereign right to dispose off her own resources in the interests of her own people was detrimental to the interests of the giant

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51. Ibid., p. 122.

52. Paul A. Baran and Paul M. Sweezy, "Monopoly Capital" (Penguin Books), pp. 200.

multinational Corporations.<sup>53</sup>

Baran and Sweezy interpret Washington's reaction to <sup>the</sup> Cuban rebellion and its attempt to damage the Cuban economy as resulting from a three fold objective.

In the first place, there was a hope that a failure of the Cuban economy would lead to a feeling of disillusionment among the Cuban people, thus setting a stage for a counter-revolution.

Secondly, the people of the under-developed countries would in future toe the American line.

And thirdly to maximize the burden of supporting the Cuban economy would be thrown off the socialist world so as to induce it to use its influence in restraining any new revolution.<sup>54</sup>

Though our interest is in building a theoretical understanding of the growth of neo-colonialism as a concept, and not in understanding the rationale behind the action of this or that metropolitan power against this or that peripheral country, the example of Cuba has been quoted to substantiate the following argument of Baran and Sweezy.

"The stake in Cuba is thus not simply the exploitability of one small country, but the very existence of the 'free world' itself, that is

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53. Ibid., pp. 200.

54. Ibid., pp. 200-201

to say, of the whole system of exploitability.<sup>55</sup>

They show how the so-called aid doled out by the developed world is in fact "hand outs" to corrupt puppet regimes so that there is a maintenance of control over them and so that they can be sure of their loyalty to the metropolis rather than to their own country.<sup>56</sup>

This aid, according to Baran and Sweezy, takes the form of military aid which is predominantly of two types.

In the first place, there is a direct participation by the armed forces of the U.S.A. in the territory of the dependent state; the stationing of troops in bases controlled by their own officers.

As the example of South Vietnam shows that training missions can be quickly and almost imperceptibly transformed into counter-revolutionary combat forces.

The second form of military aid is the provision of material aid is the provision of material and financial support for the armed forces of the client states. Thus while the dozens of military assistance pacts that the U.S.A. has signed with the under-developed countries around the world, are ostensibly designed to meet the threat of aggression by the Soviet Union or China, in reality the purpose of U.S. military aid is to keep them within the

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55. Ibid., p. 202.

56. Ibid., p. 201.

American sphere of influence if they are already in it and to bring them into it if they are not.

The consequences for the recipient countries are tragic. To illustrate this Sweezy and Baran cite two quotations. One is that of the Columbian statesman Eduardo Santos who said, "what we are doing is building up arms which weigh nothing in the international scale, but which are juggernauts for the internal life of each country. Each country is being occupied by its own army." The same point has been made by a study of U.S./Pakistan relations by some Pakistani students in London.

According to them :

"In the long run the worst aspect of military aid lies in the complete change it produces in the balance of social and political forces in favour of conservatism and the establishment of vested interests."

This is indeed very much the case in the metropole/satellite relationship.<sup>57</sup>

These, however, are not the only criticisms which Baran and Sweezy have levelled against the operationalization of Monopoly Capital within the periphery. Thus in the "Political Economy of Growth", Baran expresses grave concern

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57. Ibid., p. 203.

about the ideological campaign being carried on in order to 'sell' to the public the more modern, more subtle, and less transparent policy of 'imperialism'.<sup>58</sup>

Quoting H. G. Johnson, he shows how the concept of "development" has replaced the old "civilizing mission" and has become tool for international dominance by a major country.<sup>59</sup>

Baran, in a typical Marxist fashion attributes this fact to the belief that the existing ideology in any society and in the pro-establishment social science schools is always a rationalization of the ideology of the ruling class for the safeguarding of its vested interests.<sup>60</sup>

Accordingly, he says that Johnson's statement is correct in that it proves that they are using this rationalization for the prevention or at least for retarding the political and economic liberation of the colonial countries.<sup>61</sup>

And, in order to substantiate his argument he says that much energy is being spent in an attempt to demonstrate that the advanced capitalist countries have reached their present level of development by a process of slow growth within the framework of the capitalist order and without any major shocks and revolutionary upheavals. He states that it

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58. Paul A. Baran, "Political Economy Of Growth" (Penguin Books), pp. 123-123.

59. Ibid., p. 123.

60. Ibid., p. 123.

61. Ibid., p. 123.

is in fact, argued that it was the relative stability of social institutions that provided the "climate" essential for the emergence and prosperity of the capitalist entrepreneur who in turn is credited to have played a decisive role in the promotion of economic progress.<sup>62</sup>

These social scientists Baran points out seek to prove that relying on the forces of the free market and of private initiative, economic development was achieved in the past without excessive sacrifices and that this method represents the most commendable avenue to economic progress.<sup>62</sup>

However, Baran says that none of these historians have taken the decisive role which exploitation has played in the growth of western capitalism. According to him, little attention has been paid to the fact that the colonial and dependent countries today have no recourse to primary accumulation of capital as was available to the now advanced capitalist countries, That economic development in the age of imperialism and monopoly capital have faced the obstacles that have little in common with those encountered two to three hundred years ago and what was possible in an earlier historical setting is unrealizable today. They give no attention to the system of internal and foreign domination that prevents or distorts economic growth of the underdeveloped world.<sup>63</sup>

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62. Ibid., p. 124.25

63. Ibid., p. 125.

Yet, basing himself on Marxist belief that, "the country that is more developed industrially only shows to the less developed the image of its own future", Baran says that Western Europe's large leap forward need not necessarily have prevented growth in the less developed ones. He of course admits they might not have been able to narrow down the gap between themselves and the West Europeans. However, they could all the same have entered a growth process of their own attaining more or less advanced levels of productivity and output.<sup>64</sup>

Indeed, according to him the expanding contact with the scientifically and technologically leading Western European nations could have been expected to foster the onward and upward, progressive movement of the countries with which Western Europe came in contact. And this is what it seemed during the latter part of the seventeenth century and the eighteenth with the advent of modern capitalism.

Baran cites illustrations in order to substantiate his argument. He, therefore, says :

"that primary accumulation of capital was making rapid progress, crafts and manufacturing expanded, and mounting revolts of the peasantry combined with increasing pressure from the rising bourgeoisie, shook the foundations of the pre-capitalist order."<sup>65</sup>

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64. Ibid., p. 271.

65. Ibid., p. 271.

However, there is ample proof to show that things did not really develop in this way and Baran attributes this reversal of development not to accident but, "to the nature of Western European development itself."

The effects of Western European capitalist penetration of the outside world were extremely complex. They depended on two factors;

Firstly, on the exact nature of the penetration and, secondly, on the stage of development reached by the societies that were exposed to foreign domination.

However, we shall not deal with the type of Western European penetration in America which Baran also concerns himself with but shall move on to his analysis of the role that West European capital played in Asia and Africa.<sup>66</sup>

Now, both in Asia and Africa, rich and ancient <sup>cultures</sup> authors were found either in the pre-capitalist stage or in the embryonic stage of development. The West Europeans on their advent, rapidly determined to extract the largest possible gains from the host countries and take their loot home. Thus they engaged

"in outright plunder, or in plunder thinly veiled as trade, seizing and removing tremendous wealth from the places of their penetration. These were then in Baran's terminology, "unilateral transfers of wealth."<sup>67</sup>

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66. Ibid., p. 273.

67. Ibid., p. 274.



What is important to take note of in Baran's view, is not their magnitude in terms of the totality of outputs of the countries from which they were taken, but more important was their significance in terms of providing for the development of the West and the under-development of the Third World. This is according to him, is the "the economic locus" of the resources involved.<sup>68</sup>

Indeed, whatever might have been the small increase of Western Europe's national income attained from its over-seas operations, they increased to a great extent as a result of the economic surplus at its disposal. However, the increase of the economic surplus appeared immediately in a concentrated form and came largely into the hands of the capitalists who could use it for investment purposes.

Indeed, here Baran more or less argues in the same vein as Sweezy and asserts that

"the intensity of the boost to Western European development as a result of 'exogenous' contribution to its capital accumulation can hardly be exaggerated."

This transfer had a telling impact on the undeveloped country. It violently disrupted their entire development and affected drastically their subsequent course. The self-sufficiency of the rural society was disturbed and there was

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68. Ibid., p. 274.

a rapid widening and deepening of the scope of commodity circulation.<sup>69</sup>

However, writing on the basis of 'a priori' Marxian assumptions, Baran and Sweezy seem to miss certain questions. Assuming that Western Europe had its excessively accelerated <sup>its</sup> development because of the availability of colonial empires, the point is how did it first come about that Western Europe got its initial advantage. And, second, it seems, they start with certain assumptions and then argue without looking at empirical reality. If Western Europe achieved rapid development because of colonies, how could the United States shake off the dominance of monopoly capital. Why should it be assumed that there can be no repeat performance. In this connection it may be stated that Baran's argument about Japan's exceptionalism seems unconvincing.\*

In any case, according to Baran, the exploitation of the colonies and the removal of a large share of the accumulated capital and newly generated capital. <sup>led to</sup>  
<sup>underdevelopment.</sup>

Although the expansion of commodity circulation, the pauperization of large numbers of peasants and artisans, "the contact with Western technology provided a powerful

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69. Ibid., p. 274.

\* Baran attributes Japan's ability to develop along the path of independent capitalist development to two factors: (a) poverty of natural resources, and (b) growing rivalry of various Western imperialism.

impetus to the development of capital, this development was forcibly stunted off (what Baran characterizes) its 'normal course', distorted, and crippled to suit the purposes of Western imperialism."<sup>70</sup> It may be stated in passing that here too Baran seems to be influenced by his pre-conceived Marxian predilections. Why, after all, should it be assumed, that there was some course which was normal and historically necessary unless some external force checked it.

At any rate, to complete Baran's logic, the people who came into the orbit of Western capitalist expansion found themselves in the twilight of feudalism and capitalism, enduring the "worst features" of both worlds and the entire impacts of imperialist subjugation to boot.<sup>71</sup>

Now according to Baran, industrial expansion under capitalism depends to a great extent on its gathering its own momentum. During the initial stages the division of labour resembled the apportionment of functions between a rider and his horse. Whatever market for manufactured goods emerged in the colonial and dependent countries, did not become the internal market of these countries. Thrown wide open by colonization and unequal treaties, it became an appendage of the 'internal market' of western capitalism.<sup>72</sup>

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70. Ibid., p. 276.

71. Ibid., p.

72. Ibid., p.

This led to the extinguishing of the igniting spark without which there could be no industrial expansion in the country which had now become under-developed. At a point in history where if there had been a protection of industry, development might have accrued. However, the reverse happened. Native industry died before it was really born. Since demand was satisfied by goods supplied from the metropolis, there was no opportunity for profitable investment in a native industry that would cater to available domestic market. In the absence of such investments there was no occasion for further investment. In fact, it is the clustering of investments, their synchronization which leads to the evolution of industrial capital. But Baran emphasizes that just as investment tends to become self-propelling, so the lack of investment tends to become self-perpetuating.<sup>73</sup>

As a result of this there could no longer be the spreading of small industrial shops that elsewhere marked the transition from the merchant phase of capital to its industrial phase. The amount of capital required to break into 'monopoly's' privileged sanctuary, the risks that would result if such a struggle ensued as well as the strings that the established corporation would use in order to curb the indigenous merchant in transforming himself into an

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73. Ibid., p. 314.

industrialist were factors which stunted the growth of capitalism in the underdeveloped country. The narrow market became monopolistically controlled which became an additional factor in preventing the widening of the market.<sup>74</sup>

Baran, of course admits that this does not mean that such industrial development has not taken place in the periphery which represents a tremendous leap compared to colonial times. Thus he says that at least some part of the inputs comes back in the form of outputs for the backward areas. However, this is not enough since it has given rise to a 'cancerous growth' of under-development, which is equally powerful and harmful.<sup>75</sup>

Thus the monopoly houses after achieving control over their markets and establishing rules suitable to their own progress played a regressive role in the economic lives of the under-developed countries. They became in Baran's words "stage barriers" to economic development rather similar to the semi-feudal landownership prevailing in the under-developed countries. They worked in the reverse direction and hindered both the division of labour and the rate of growth.<sup>76</sup>

What happened on the one hand was that monopolistic

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74. Ibid., p.

75. Ibid., p.

76. Ibid., p.

industry extended the merchant phase to capitalism by obstructing the transition of capital and men from the sphere of circulation to the sphere of industrial production.<sup>77</sup>

On the other hand providing neither a market for agricultural produce nor outlets for agriculture surplus labour and not supplying agricultural manufactured consumer goods and implements, it forced agriculture back towards self-sufficiency. This further perpetuated the idleness of the structurally unemployed and fostered the further increase of petty traders, cottage industries and the like.

Thus in most under-developed countries capitalism had a peculiarly twisted career. To the dead weight of stagnation characteristic of pre-industrial society was added the entire restrictive impact of monopoly capital. The economic surplus, that is, appropriated amounts, by monopolistic concerns, from backward areas was not employed for productive purposes nor is it ploughed back into their own enterprise.<sup>78</sup>

Rather it is used in large amounts as waste for what is not taken abroad by foreign shareholders is used by the rich indigenous classes in a manner very similar to that of the landed aristocracy. It supports the luxurious living by its recipients <sup>as</sup> ~~an~~ excess consumption etc. The remainder is invested in the acquisition of rent bearing land in

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77. Ibid., p.

78. Ibid., p.

financing mercantile activities etc. Vital sums of money are removed abroad where they are held as fences against the depreciation of domestic currency or as 'nest eggs' useful in the event of some emergency.<sup>79</sup>

In a nutshell, these thinkers have argued that the relationship between, industrially developed and developing countries cannot be based on equality. They essentially have the character of dominance/dependency relationship. Through various means, the monopoly capital of the advanced country maintains a stranglehold over the economy of the dependency, making it well-nigh impossible for it to get out of its control. This neo-colonial control is achieved through economic mechanisms though <sup>an</sup> attempt is also made to influence the socio-political structures of the dependency.

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79. Ibid., p.

## CHAPTER - IV

### DIMENSIONS OF NEO-COLONIALISM : THIRD WORLD PERSPECTIVE : NON-MARXIST THEORIES OF NEO-COLONIALISM

The last three decades have bseen the growth and development of a new school of third world and Marxist scholars who have attempted to analyse and discover the underlying mechanism which has led to the problem of dependency and have defined it in 'new' terminology as the concept of "neo-colonialism."

All of them are agreed that it is the economic factor which is the dominant causal factor of under-development.

However, they have arrived at this conclusion differently giving priority to different factors operating within the international economic system.

Thus, as we have seen in the preceding chapters, the Marxist, Leninist scholars emphasize the importance of "economic laws" of the monopoly stage of capitalism or finance capitalism.

However, for scholars like Samir Amin, it is rather



the accumulation of capital on a world scale, transfers of value and resultant structural formations which are vital. Andre' Gunder Frank, sees the periphery as getting integrated into the world capitalist system. In the process, there is a continuous process by which the under-developed world suffers from what he calls the "development of under-development."

In this chapter an attempt shall be made to study the views of scholars like Samir Amin, Andre' Gunder Frank and of political leaders with scholarly inclinations - like Nkrumah and Nyerere. It is difficult to put them in any clear category. But, probably it would be best to put the first two in the category of those who use some of the marxist principles but are not marxists while the latter two may be called Third World nationalists.

It is important to note that both Amin and Frank like M. N. Roy and Mao before them are viewing the problem from within and from the stand point of the Third World, unlike Lenin, Hobson, Bukharin and the neo-Marxist who though studying it see it in terms of cause and effect of the impact of the growth of the world capitalist system.

However, like all the thinkers whose work we have examined in the preceding chapters they equate the concept of "neo-colonialism" with the concept of "semi-colonialism."

It must be noted that both Amin and Frank assert that they are looking at the whole problem within the Marxist-Leninist framework albeit with some modifications wherever it appears to be fallacious or faulty.

Thus, both of them see the metropolitan and satellite countries as parts of a single integrated capitalist system. Indeed they see the phenomenon of the development of the one closely linked to .. and indeed causally related with .. the under-development of the other. Indeed, as the "development of development" takes place in one part, almost simultaneously the "development of underdevelopment" takes place in the other part.

This approach obviously differs in some sense fundamentally from the marxist-leninist framework. The marxists see the whole problem of developed societies in terms of class relations of production, in this case between the bourgeoisie and the proletariat. In the international arena, they see this relation in terms of a world divided between advanced capitalist societies on the one hand and backward societies having feudal/semi-feudal relations of production. At any rate they do not see both as parts of a single capitalist system. They, of course, argue that the linkage between capitalism of the advanced countries gives a new lease of life to the

feudal and semi-feudal forces in the backward countries. Above all, the marxists see the world as divided between the socialists and the rest. But even the non-socialist world, they see, as divided between advanced metropolitan capitalist societies and the colonial feudal/semi-feudal societies. Indeed, each of these is a world by itself despite certain inter-relationships between them. The non-socialist world is not deemed to be two different parts of a single indivisible capitalist system.

Amin holds that from the beginning capitalism has acquired an international dimension. He asserts that the marxist leninist theory of imperialism cannot be and ought not to be "economistic" because economism does not allow us to go beyond the apparent mechanism of the functioning of the capitalist mode of production and thus does not enable us to examine the relations between the formations of different kinds which are integrated into the world system. He refutes the view that there are certain "economic laws" and "historical necessity" and historically necessary laws of development.<sup>1</sup>

Amin more or less accepts the general marxist ... and even non-marxist economic interpretation<sup>of</sup> historians that capitalism passed through three stages of development, the industrial and the finance. During the first stage

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1. Samir Amin, Accumulation on a World Scale ; A Critique of the Theory of Under-development (Hamester Sussex, 1974), p. 3.

i.e. primitive accumulation, the American and African peripheries played a decisive role in the accumulation of money capital. In the second phase, that is the classical phase of pre-monopoly capital, the American, Asiatic Arab and the Ottoman peripheries contributed to the acceleration of industry in the centre by absorbing the centres' surplus manufactured products by providing raw materials and agricultural products.<sup>2</sup>

Above all, it helped rapid accumulation by raising the rate of profit and placing investible surplus at the disposal of the capitalist. What, however, gave a completely new dimension and significance to the world capitalist system was the export of capital.<sup>3</sup>

Central to Amin's argument is the view that "expansionism" constitutes the most essential characteristic of capitalism. But, he maintains that expansion should not be confused with imperialism. The latter, he argues "constitutes its contemporary stage." This question according to him is to be studied not in terms of "economic laws" of capitalism but by going back to the global plan of historical materialism, that of the class struggle and placing this struggle in its true world wide context.<sup>4</sup>

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2. Samir Amin, Imperialism and Unequal Development (Hamester Press, Sussex), 1977, p. 103.

2. Ibid., p. 104.

4. Ibid., pp. 104-105.

Now expansionism .. both pre-monopolist and monopolist appear as an expression of the search for markets either for commodities or for capital in order to achieve equilibrium. However, the expansionist model is neither logical nor empirically necessary to achieve this so called "dynamic equilibrium." Indeed, there can be other ways of achieving this dynamic equilibrium, if the active role of money and credit in the accumulation<sup>process</sup> are understood. Capital, according to him only knows one "laws", the search for a maximum profit.<sup>5</sup>

Nor did the commercial expansion of the nineteenth century pre-monopoly result from an implaceable "economic necessity". According to Amin theoretically an equilibrium without external markets would have been possible at a higher level of real wages.<sup>6</sup>

Clearly, Amin here seems to miss an important aspect of capitalism or any other system of expropriation: that the mere extraction of surplus value would place less purchasing power in the market than the price of the commodities produced.

But Amin rightly does not go into these ifs and buts of history. The reality, he says, is that external markets did emerge, giving rise to a new international

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5. Ibid., pp. 104-105.

6. Ibid., p. 105.

division of labour. The centre was industrialized all the more quickly since the periphery furnished all the raw materials and surplus.<sup>7</sup>

It was thus according to him not economic laws involving relations of production but class relations between the bourgeoisie, the proletariat and landed property of the metropolis and the periphery which determined the rate of accumulation.<sup>8</sup>

The international division of labour favourable to the industrial bourgeoisie of the centre implies the integration into the world system of social classes, which benefited by that integration and which on that basis become its agents. The new latifundia producing exporting products from India, Latin, America and Egypt are good examples.<sup>9</sup>

The interests of this latifundia was often directly opposed to the interests of that segments of the bourgeoisie which may have been interested in rapid domestic industrial development.

Nor have any "economic laws" rendered accumulation in the periphery impossible or even difficult, during the third phase of monopoly capital. Expansion of capital at

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7. Ibid., pp. 107-108.

8. Ibid., p. 106.

9. Ibid., p. 106.

a breath taking speed since the late nineteenth century has been rendered possible both by the export of capital as much as by that of products. There is no problem of "impossible markets" either for the products or for capital.<sup>10</sup>

However, to understand this new phase, its characteristics must be seen in terms of the relation between the centre and periphery on a world scale. Once the periphery has been integrated into the world capitalist system, it is important to comprehend the impact of this phenomenon on the under-developed world. As we will discuss, both Amin and Andre' Gunder Frank interpret this in terms of the loss for the periphery and gain for the centre.

Clearly the centre periphery syndrome has an entirely new basis of analysis <sup>from</sup> than Lenin's. Consequently, for those who claim to be writing from the marxist - leninist perspective, this constitutes a dilemma. In a sense, Amin and Frank in practise seem to underplay the importance of Lenin's major work, Imperialism the Highest Stage of Capitalism, while professing its importance. Amin for example, maintains that if Lenin's Imperialism is the major revolutionary work having importance for all contemporary analysis, this is because Lenin provided the

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10. Ibid. , p. 106.

linkage between the development of monopolies and the ideology of monopolies and the ideology of revisionism. It was at this time that the extension of <sup>the</sup> hegemonic role of monopolies took place and the division of the working class at the centre occurred. As a consequence, a large part of the working class accepted the revisionist position giving to the working class hegemony within the working class movement. "Monopolism", as Amin puts it, gave impetus to the export of capital on an unmanageable scale.<sup>11</sup> This gave an impetus to the unequal international division of labour, and extended the exploitation by monopolies to all the producers of the system that is by subjecting them to different rates of exploitation. It also made it possible for them to subject different segments of labour to differential rates of exploitation, more in the periphery and very much less in the centre. But whatever Amin may say, Lenin and even Hobson had already conceived this possibility.

Once the periphery has been integrated into the world capitalist system, it is important to see the impact of this phenomenon on the under-developed world.

Both Amin and Frank analyse this in terms of a loss for the periphery and a gain for the centre.

It is in this context of centre - periphery

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11. Ibid., pp. 107-108.



relationship that Frank has developed a series of interesting though controversial concepts on the basis of an analysis of Latin American societies, particularly of Brazil and Chile. He does so by having a closer look at the politics, economic and social order of these countries. On an analysis of these, he argued that underdevelopment of Latin America is primarily the result of its particular relationship with the United States the developed capitalist metropolis.<sup>12</sup>

Frank in the first analysis argues that to understand the social reality of capitalism, we must treat it as a single indivisible system on a global scale, having its various manifestations in the form of mercantalism and capitalism - imperialism. However, once capitalism develops, it incorporates the whole world into its fold.<sup>13</sup>

Here it seems that in a sense Frank is in agreement with Marx, dialectical developmental view of history.

However, it is different in a sense. Marx said with the development of capitalism in Britain, each society will see the image of its future. Each society was thus seen as moving from the feudal oriental model to that of capitalism. This is clear from Marx's Essays 'On Colonialism' and on India where he shows happiness at the

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12. Andre Gunder Frank, "Latin America : Underdevelopment and Revolution (New York, 1969), p. 225.

13. Andre Gunder Frank, On Capitalist Under-development, (Bombay, Oxford, 1975), p. 7.

way England was performing its "historic mission" in India.

However, this has historically been proved untrue. Frank tries to come to grips with this reality. Frank does not see the dependencies following in the footsteps of Britain in terms of development but rather as getting entangled, forever into the capitalist web. Indeed, they have been moving regressively in the direction of underdevelopment.<sup>14</sup>

Thus, Frank boldly challenges this Marxian assumption and argues <sup>that</sup> the <sup>more</sup> main fact that capitalist development in one part of the world brings it into contact with the other, it leads to the underdevelopment of the latter. And, this relationship of development and underdevelopment becomes a paramount feature of the relationship unless the latter can break away from the capitalist framework which itself is very difficult.<sup>15</sup>

He thus sees, in this, the "development of underdevelopment". He sees both development and underdevelopment as intimately related with the development of the now developed countries as the simultaneous results of the historical process of capitalist development over the past few centuries. Indeed, he argues that this relationship leads to the modification of the entire character of the

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14. Frank, n. 13, p. 45.

15. Frank, n. 13, p. 1.

economy and society of the colony and to the relationship of development/underdevelopment. Thus as a capitalist country develops and comes into contact with a colony, it leads to the further underdevelopment of the colony. This relationship he calls a metropolis - satellite relationship. According to him, therefore, it is incorrect to consider contemporary underdevelopment as a simple reflection of the economy, social, political structures of the underdeveloped country itself. Rather, under development is in large part the result of this relationship. These relations were an essential part of the structure and evolution of the capitalist system on a large scale. Thus Frank declared that the forms may be of course different. Capitalism managed to extract the fruits of their labour through monopoly trade no less than in the times of Cortez and Pizarro in Mexico and Peru, Clive in India, Rhodes in Africa and the Open Door in China. But in all such cases it destroyed the earlier viable social economic system of these societies incorporating them into the metropolitan dominated world capitalist system and converted them into sources for its own metropolitan capital accumulation and development. The resulting fate for these conquered, transformed and newly established societies was and remains their decapitalisation, structurally, unproductivity and ever increasing

misery.<sup>16</sup>

All these characteristics he sums up in the general umbrella term of 'underdevelopment'.

The concept of the metropolis is not new. It goes back to the age of the Roman Empire when Rome was considered to be a metropolis. This idea was later picked up by Lenin when he described the relationship between the metropolitan countries and the colonial countries. It was also of common use in Marxist literature during the period after the Bolshevik Revolution.

However, the relationship of metropolis and satellite has acquired a new significance in the work of Frank. In his view, the satellite is as it were, tied to the imperialist master and its economy centres around the metropolis.

Now, if capitalism is seen as a single indivisible phenomenon, development and underdevelopment are seen as two related phenomena. And the development of one part (or the capitalist development of one part) has a causal influence on the underdevelopment (or the development of underdevelopment) of the other part.<sup>17</sup>

Indeed, he sees both development and underdevelopment as related through a common historical process of

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16. Andre Gunder Frank, "Latin America : Under development and Revolution"(New York, 1969), p. 225.

17. Frank, n. 13, p. 96.

capitalist development which they have shared during the past several centuries. And if the so-called interdependence of the two continues, they will continue to have the same sort of reciprocal influence on each other that is the further continued development of development and the further development of underdevelopment.<sup>18</sup> The term colony in its classical usage came to connote among other things physical and political occupation and domination as well as a certain dominant/determinant subordinate/exploitative relation. Today, we use the term 'neo-colonialism' and refer to a similar relation which does not imply formal political incorporation but is essentially reflective of a system of relationships in which domination, super subordination, exploitation, development and underdevelopment play a part. Frank thus gives to the term 'colonial' a wider essence and meaning.<sup>19</sup>

Thus, in Frank view neo-colonial imperial and 'capitalist' all connote a set of relationships in which domination, super subordination, exploitation, development and underdevelopment interplay and interest.

At this juncture it would be appropriate to point out two difficulties in Frank's argument.

The first which is also central to this study is

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18. Frank, n. 13, p. 17.

19. Frank, n. 13, pp. 18-19.

his equation of the term 'neo-colonial' with 'colonial' or rather his incorporation of the term 'neo-colonialism' under the umbrella term colonial. This shows a lack of clarity in his understanding. If the two concepts, who<sup>u</sup>soever related and even though belonging to the same family are to be treated synonymously, where, indeed, is the need for having two terms.

Indeed this confusion seems in some sense to result from his failure to comprehend the new situation resulting from neo-colonialism.

In the second place he says that colonialism is systematically related to under-development and that where one exists, the other is sure to be found.

In that case the question arises that this can only be so if he sees colonialism as inclusive of semi-colonialism. In that case, one should conclude all the Latin America countries, China and even Portugal within the colonial sway. This as we know is a fallacy since colonialism implies direct political control with economic advantages accruing to the colonizer while semi-colonialism was direct economic control with political and other connotations.

Moving further with Franks analysis we find that he has made a very important distinction between under-development and "undevelopment".

In doing so he takes the example of Japan and shows how this country had been undeveloped (untouched by colonial domination) without being underdeveloped and thus was able by self propelling development to move on uninhibited on the path of development. The difference in approach between Frank on the one hand and Sweezy and Baran on the other can obviously not be missed. By contrast, he shows how the colonial countries had been in their previous state of undevelopment. They would have been able to develop, but that due to the sapping out of their resources and strength had fallen into the <sup>net</sup> ~~net~~ of underdevelopment from which they could not reverse their position. This inability has resulted from their position as the peripheries of the centres within the capitalist net work.<sup>20</sup>

In this context he quotes Marx to substantiate his argument "that all the bourgeoisie may do will neither emancipate nor materially mend the social condition of this mass of the people depending not only on the development of their productive powers but also on their appropriation of the people. And, this is the contradiction of capitalism : it develops industrially but at the sametime underdevelops the mass of the people."<sup>21</sup>

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20. Frank, n. 13, p. 6.

21. Ibid, n. 1, pp.

In the context of the thesis of the development of underdevelopment Amin emphasizes that whereas at the centre growth is development and has an integrating effect, in the periphery growth is not development for its effect, is to disarticulate. Indeed he says that the growth of the periphery is based on an integration into the world market and is the 'development of underdevelopment.'<sup>22</sup>

However, at another point and here it is important to note how Amin both contradicts himself and refutes Frank's important thesis.

Thus he states that 'false concepts like underdevelopment and Third World should be swept away and be replaced by the concept of capitalist formations at the periphery.'<sup>23</sup> He argues that both development (in the centre) and under-development (in the periphery) are parts of a single process. For him the phenomena of underdevelopment is merely the result of the phenomena of the order of primitive accumulation for the benefit of the centre. The underdeveloped economy is a piece of a single machine, the capitalist world economy.<sup>24</sup> He, therefore, refutes the idea of the juxtaposition of two societies against each other.

At still another point, he argues, that he is in

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22. Amin, n. 1, pp. 18-19.

23. Amin, n. 1, p. 22.

24. Amin, n. 1, p. 19.



fundamental agreement with the whole current of thinking which sees the origin of underdevelopment as a consequence of the development of capitalism on a world scale. He therefore rejects all 'rubbish' produced by identifying the concept of underdevelopment with that of traditionality.<sup>25</sup>

For him, and here he seems to agree with Frank again, development and under-development are two opposite poles of a dialectical unity.

Incidentally, while, as we have seen Amin talks in terms of structures as predominant, Frank argues, as we mentioned previously, that it is too simplistic and incorrect to consider contemporary underdevelopment as a simple reflection of the economic, social and political structures of the underdeveloped country itself.<sup>26</sup>

However, we have not yet analysed Amin's theory of imperialism resulting from the formation of these structures. We must, however, relate this to his view of what he calls the real problems that is the forms taken by surplus, the ways it is used which depend on the nature of the economy and the social formations in the countries of the periphery and the mechanisms whereby they are integrated into the world capitalist system. We shall first discuss the latter and then see the relation with

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25. Amin, n. 1, p. 603.

26. Ernesto <sup>Laclau</sup> Laclau, "Feudalism and Capitalism in Latin America" New Left Review (New York), No. 67(1971), p.20.

the former.<sup>27</sup>

The fundamental reason for Amin's logic of development/underdevelopment is, that the central thing is accumulation, that is expanded reproduction, which is the essential 'inner law' of the capitalist mode.<sup>28</sup> He interprets "the relations between the formations of the developed ~~em~~ advanced world and those of the underdeveloped world in terms of 'transfers of value'<sup>29</sup> which are central to an analysis of accumulation on a world scale.

Thus when the capitalist mode of production enters into relations with the pre-capitalist modes of production and brings them under its domination, 'transfers of value' take place from the pre-capitalist to the capitalist formation. This results from the mechanisms of primitive accumulations modified but persistent yet always in the interests of the centre. These according to Amin are central to the problem of accumulation on a world scale.<sup>30</sup>

Now the commercialization of the rural economy takes place basically as a result of foreign demand and only partially indeed, very little does it depend on local demands.<sup>31</sup>

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27. Amin, n. 1, p. 9.

28. Amin, n. 1, p. 2.

29. Amin, n. 1, p. 2.

30. Amin, n. 1, p. 3.

31. Amin, n. 1, pp. 16-19.

Indeed, the disarticulation of the economy does not accelerate the development of any one sector from having a mobilizing impact on the rest. Any such effect is transferred abroad to the metropolitan countries and the sectors of the underdeveloped economy appear thus only as extensions of the dominating advanced economy.<sup>32</sup>

For external dependence is according to him both the cause and the result of the situation.<sup>33</sup>

This takes place first in the form of external trade. The trade of the underdeveloped countries which is to a great extent made up of primary goods is generally carried on with the advanced countries whereas the trade of the advanced countries is largely carried on among themselves. Thus Amin says that the Third World is very much more dependent on its exchange with the advanced countries than the latter are dependent on their's with the Third World.<sup>34</sup>

Clearly, this view does not accord with the Marxist perspective of capitalist expansion resulting from the need for markets.

There is evidently some strength in Amin's argument. But what he seems to miss is that it is not all advanced countries which are in an advantageous position and not all

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32. Amin, n. 1, p. 17.

33. Amin, n. 1, p. 17.

34. Amin, n. 1, p. 17.

under-developed countries which suffer from their mutual trade. The more a country seeks to get out of the metropolis - satellite relationship by seeking to develop rapid industrialization and seek a path of independent development, the greater is the disadvantage to which it is subjected. On the other hand, the countries of the periphery which accept the metropolis-satellite relationship may not be having the same disadvantages. A second factor may be whether a satellite is producing a raw material which the metropolis urgently requires.

In any case, Amin showed how commercial relations are aggravated by increasing financial dependence of the colony.

It is in the context of this dependence that he talks of the structural characteristics of under development. He admits however, that he has related them only to the outward economic appearances of the problem.<sup>35</sup>

These features take three forms (1) unevenness of productivity as between spheres which emerges as a result of the extreme inequalities typical of the distribution of productivities in the periphery and in the system of prices transmitted to it from centre. This results basically from the distinctive nature of the peripheral

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35. Amin, n. 1, pp. 261-262.

formations and largely dictate the structure of the distribution of income in these formations.<sup>36</sup> (ii) Disarticulations or a structuration which emerges as a result of the adjustment of the orientation of production in the periphery to the needs of the centre. This prevents the transmission of the benefits of economic progress from the poles of development to the economy as a whole.<sup>37</sup> The developed economy he calls "autocentric" where only progress at the centre gets spread throughout the entire body by many converging mechanisms.

The underdeveloped economy he however defines as "extrayerted" for any progress made is directed outwards and its benefits are largely transferred abroad. Here he cites the example of Kuwait as a case in point.<sup>38</sup>

In this sense, he says it is wrong to talk in terms of an "underdeveloped national economy", but to reserve the adjective "national" for the autocentric developed economy which alone has a true structured national economic space. The under developed economy on the other hand is only made up of sectors and firms which are not integrated among themselves within the periphery but have their centres of gravity in the centre of the capitalist system.<sup>39</sup>

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36. Amin, n. 1, pp. 392-393.

37. Amin, n. 1, p. 393.

38. Amin, n. 1, p. 289.

39. Amin, n. 1, p. 289.

Varying on the basis of their geographical size and the variety of their exports, the underdeveloped economy may appear as being made up of several unrelated "atoms" or even one single 'atom' as in the case of Senegal.<sup>39</sup>

Amin sees the growth and development of the economy of the Third World as taking place in fits and starts. Thus during the period of the importance of a particular export product, ~~of~~ the development of capitalism at the centre, there are brilliant periods of very rapid growth and prosperity. But since no autocentric integrated economy has been found once the importance of the product has declined there is a standstill and even a regression of the economy.<sup>41</sup>

The third type of structural formation was as mentioned above, that of foreign domination. This results from the fact that while the periphery does most of its trade with the centre, the central economies carry out most of their exchanges among themselves. It is this, according to Amin, that implies an essentially unequal relation which has led to the formation of peripheral structures and the development of monopolies and has also resulted in the worsening of the terms of trade.<sup>42</sup>

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40. Amin, n. 1, p. 288.

41. Amin, n. 1, p. 289.

42. Amin, n. 1, p. 292.

It is in the context of this framework which he has formulated largely in his book "Accumulation on a World Scale"; a critique of the theory of underdevelopment, that he has based his case studies of Senegal and Ivory Coast in his book "Neo-Colonialism in West Africa" and it is on the basis of these studies that he has generalized the concept of neo-colonialism with reference to the whole of the underdeveloped world.

In the introductory chapters of the book, he says that the origin of the present problems of the Third World can be found in the decisive period which precedes colonial conquest that is, between 1830-1880. He quotes Bruschwig's conclusions that Black Africa was already being westernized when it was divided.<sup>43</sup>

The ensuing dev-elopment of the cononial economy was not to be a progression but a step backward for which Black Africa is still paying a heavy price. Before the colonial period, European monopoly had stopped at the coast from where the African states and merchants carried on trade. But with the emergence of the colonial era these merchants were replaced by the administrator or colonial trade.<sup>44</sup>

Amin emphasizes that had this destruction not taken

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43. Amin, "Neo-Colonialism in West Africa" (New York and London, Monthly Review Press, 1974), p. IX.

44. Ibid., p. IX.

place, Africa would have been much closer to the pattern existing in East or in Latin America with its comprador bourgeoisie. Instead, what is happening now is that the bourgeoisie is now just only forming at a time when this class has long ago exhausted the range of its possibilities.<sup>45</sup>

It might be mentioned in passing that Amin has elsewhere criticized the notion of what he calls "Historical Necessity." But here he seems to argue that had westernizing Black Africa not come into contact with the capitalist west, it would have inevitably progressed. What he does not fully appreciate are the other conditions such as scientific development which are necessary for capitalist development.

The increase in colonial exploitation of the post war period produced a crisis in the public finances of the colonies even before independence. This he attributed to the outward directed growth, of which mention has been made earlier, based on external demand and external financing.<sup>46</sup>

The speeding up of colonial exploitation after the second world war accelerated the growth of the structural characteristics of underdevelopment. It transformed the area from the stage of being a primitive reserve virtually

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45. Ibid., p. IX.

46. Ibid., p. XIII.



outside the world market into that of a truly under-developed economy dominated by and integrated into the world capitalist system. It also gave it a dualistic appearance which had as its principal feature an increasing inequality in the distribution of growth between various sectors and of the per capita product. The outward directed character was accentuated by an increasing dependence on the centre which stimulated and maintained the growth from outside.<sup>47</sup>

Amin emphasizes the need for radical policy changes in order to reverse the process and to move onto the path of progress in both agriculture and industry.

For according to him, a distinctive contradiction of the development of peripheral capitalism is expressed by a "blocking of progress".<sup>48</sup>

And, the methods of financing the growth of the Ivory Coast economy involves serious threats for the future. The very high remuneration of foreign capital, the dominance of which has an impact on the whole economy of the country reflects the extent to which the growth depends on outside forces. These countries during the colonial period passed very quickly from the stage of

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47. Ibid., p. XIV.

48. M. 1, p. 166.

development characterized by a net inflow of foreign capital to that of exploitation characterized by a reversal in the balance of flows and an increasing preponderance of re-exported profits.

He sums up such development "as growth without development", growth, generated and maintained from outside without the establishment of a social structure capable of bringing about an automatic transition to the further stage, that of internally centred and self-regulating growth. These countries have become truly underdeveloped, well integrated into the world capitalist system.<sup>49</sup>

Now since both Frank and Amin, as we have seen, see the whole world integrated into one dualist world, they do not agree with the Marxist view of dualism. Dualism, as every student of Marxism knows, implies co-existence of feudal/semi-feudal relations of production in the colonies and a high level of capitalist development in metropolis.

Thus, Frank challenges the notion of capitalist-imperialist operations in the underdeveloped world which we find in the writings of first Lenin and Mao and among other later Marxist scholars like Amartiya Kumar Sen.

Now Sen argued that imperialism, in its operation in the colonial world, helps the perpetuation of feudal

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49. n. 42, p. 66.

relations in the colonies. It enters the colonial world and brings about only such which are necessary for its operation and success. Apart from this, it finds it advantageous not to disturb feudal relations. In fact, feudal groups constitute its major support.

This point has also been ably made by Hamza Alavi who has maintained that there does not seem to be any "contradiction" between "colonial feudalism" and metropolitan "metropolitan capitalism". The former no doubt does not arise from the latter, but as a result of the dependency-metropolis contact and relationship, it is sustained and even perpetuated by the latter. Indeed the whole argument has been put succinctly by Nabudere who asserts that central to societal relations are not "exchange relations" but relations arising out of "modes of production". In the same vein, Ernesto Laclau very forcefully argues that if the whole world is integrated in the world capitalist system then "we can conclude from Frank's definition that from the neolithic revolution onwards there never has been anything but capitalism." This, however, seems to be too severe and in some sense unfair criticism of Frank, because capitalism did not exist anywhere on the globe prior to the sixteenth century and Frank specifically <sup>says</sup> that he is

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50. Hamza Alavi, "India and the Colonial Mode of Production", Economic and Political Weekly, Special Number (Bombay), August, 1975, pp. 1235-1262.
  51. Dan Nabudere, The Political Economy of Growth and Imperialism, (Wheaton, Exeter, 1977), p. 232.
  52. Ernesto Laclau, "Feudalism and Capitalism in Latin America", New Left Review, (New York), No. 67 (1971), p. 25.

talking of this integration of the world into the capitalist system since the sixteenth century. But the basic point of Laclau is valid in so far as he argues that we cannot consider the whole world integrated into the world capitalist system when we know that there are tribes living in the neolithic age even today, other societies which are feudal and still others which are capitalist and a few which are socialist.

In any case, Frank challenges the notion that the operation of imperialism in the colonies perpetuates the feudal structure and feudal relations and calls it the myth of feudalism. He holds that in fact

- (1) feudalism predates capitalism.
- (2) feudalism coexists with capitalism.
- (3) feudalism is penetrated or invaded capitalism.<sup>53</sup>

He rejects the dualistic analysis of the nature of Latin American societies which maintains that the under-developed societies have a dual structure. One part is linked with the metropolitan capitalist system while the other is by the imperialists <sup>made</sup> to remain isolated and based on feudal or pre-capitalist subsistence economy.<sup>54</sup>

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53. N. Ram, Book Review, Social Scientist (Calcutta, ), p.

54. Ernesto Laclau, "Feudalism and Capitalism in Latin America", New Left Review, No. 67 (1981), p. 21.

This view is refuted by Frank who considers dualism as imaginary.

Amin also, does not agree with the dualism thesis because according to him the underdeveloped economy is a piece of a single machine, the capitalist world economy within which it occupies a particular place and fulfills definite functions. Thus it cannot be seen in isolation.<sup>55</sup>

However, the central question which both Amin and Frank seem to have ignored is the relations of production in the countryside. What makes feudalism is not so much whether it is a self sufficient agricultural economy but the type of relations of production in the countryside. The fact that it is linked with the metropolis does not make for capitalism unless the relations of production in the countryside change. This however, has not happened in most of the underdeveloped countries. The relations of production in the countryside of most of the countries of the underdeveloped world continued to be pre-capitalist and feudal.

It is in this context that Ranjit Sañ in his book "Unequal Exchange Imperialism and Underdevelopment" is critical of Frank for ignoring production relations and ever emphasizing the importance of exchange relations(This

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55. Amin, n. 1, p. 19.

criticism would incidentally also apply to Amin).<sup>56</sup>

Indeed, he also emphasizes this point in an article "Capitalism, Imperialism and Underdevelopment".

If Frank's and Amin's views were accepted, then it would imply that either feudalism never existed in the underdeveloped world or if it existed, then it disappeared from the Third World some four centuries ago when capitalism first developed on the world stage.<sup>57</sup>

Indeed, he says that Frank's analysis ignores the conditions under which production takes place, concerning itself mainly with the terms under which the output is transacted in the market.<sup>58</sup>

Although both these views have been argued with considerable force, they each miss an important point. While basically, it is the relations of production which determine the structure of a society, exchange relations may under certain circumstances lead to the growth of new industries which may result in a change in productive patterns and relations of production.

Indeed, both points seem to represent an element of truth. Having dealt with the left oriented thinkers, it would be useful to see how some intellectuals in leading

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56. Ranjit Sau, "Unequal Exchange, Imperialism and Underdevelopment : An Essay on the Political Economy of World Capitalism" (Oxford, Calcutta, 1978), pp.114-115.

57. Sau, n. 53, pp. 114-115.

58. Sau, n. 53, pp. 114-115.

positions in politics have viewed the phenomenon of neo-colonialism. In this context we would examine the views of Nkrumah and Nyerere on the concept of neo-colonialism. They shall be dealt with simultaneously since their views are more or less similar.

Neo-colonialism can, according to them, be defined as a situation where political domination has been replaced by economic domination. Implicit in this is the idea that the transfer of power by a colonial master has not lead to a change in economic relations.<sup>59</sup> Indeed, it implied the continuation of the economic basis of colonial relationship between a colonial economy and its metropolitan patron. The only difference is that whereas previously this relationship appeared in all its nakedness, now it appears in the guise of aid and "protective solicitude", one of the more subtle forms of colonialism. Neo-colonialism is thus a more sophisticated mechanism of dominance.<sup>60</sup>

According to Nkrumah and Nyerere the forms taken by neo-colonialism today have some of the following characteristics.

It acts <sup>covertly</sup> ~~correctly~~ manouvering men and governments,

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59. Julien Nyerere, Freedom and Unity Unuro Na Umoja : A selection from the writings and speeches (Sxford, 1966), p. 152.

60. Kwame Nkrumah, "Africa must Unite" (Heineman London, 1963), p. 176.

free of the stigma attached to political rule. It creates client states independent in name but in reality pawns of those very colonial masters which are supposed to have given them independence. This is one of the 'diverse' forms of dependent countries which are, in a formal sense, politically independent but are, in fact, being enmeshed in the net of financial and diplomatic dependence.<sup>61</sup>

The European powers force the conclusion of pacts with these states which give control of their foreign policy to the colonial master.

Often, they provide for military bases and standing armies of the alien power on the territories of the new states. The independence of these states is in name only for their liberty of action is gone.<sup>62</sup>

Once the colonial countries realized that they could no longer hold the colonies directly under their control, they built linkages with the economies of their former colonies. These were to remain the suppliers of cheap raw materials and tropical food-stuffs while continuing to serve as closed markets for the centres' products.<sup>63</sup>

Thus, investment continues to support the production of exportable community crops and the trading enterprises of the commercial houses and contracting firms, who secure

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61. Nkrumah, n. 50, p. 174.

62. Nkrumah, n. 50, p. 174.

63. Nkrumah, n. 50, pp. 174-175.



their supplies from the factories and industrial centres of the metropolitan countries. Banking and financial concerns which are linked with some of the biggest raw material converters are being encouraged to extend the exploitation of minerals in the former colonial territories for exportation in their primary forms.<sup>64</sup>

Thus, even though several outward changes have emerged, the nature of African political economy, has practically remained unaltered since the first European traders came to the coast. It is, according to Nkrumah, purely and simply a trading economy.<sup>65</sup> Here, like Samir Amin, both Nyerere and Nkrumah see this growth as "extraverted" and directed towards the metropolitan countries (Nkrumah says that it is towards Europe.<sup>66</sup> However, though this is so to a certain extent, yet it is America which has emerged as what Samir Amin terms it the "centre of the centres").

The underdeveloped countries are enmeshed into exchange relations with the developed world, on an inferior footing, as producers and suppliers of low priced primary materials in exchange for expensive finished goods, that are imported by them.

Thus Nkrumah and Nyerere also, like Amin and Frank,

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64. Nkrumah, n. 60, pp. 174-175.

65. Nkrumah, n. 60, p. 160.

66. Nkrumah, n. 60, p. 160.

see trade relations as primary within the centre-periphery relationship. This, according to Nkrumah, leads to a regression because in the words of Gunnar Myrdal whom he quotes "a quite normal result of unhampered trade between two countries of which one is industrialized and the other less developed, is the initiation of a cumulative process towards the impoverishment and stagnation of the latter."<sup>67</sup> Nkrumah maintains that those countries which get caught into the neo-colonialism relationship are in the position of a "European rider and the African horse"<sup>68</sup> (they deprive themselves of the possibility of independent action wherever it is most advantageous for them to secure capital. Where they get linked in military alliances, they even forfeit their right to an independent foreign policy strategy. Thus Nkrumah says that they would have sold their African birth right for a mass of new colonialist pottage."<sup>69</sup>

Now would there be any chance of a solid industrialized advancement for the African states in the interest of their people.

And, here, Nkrumah really gives us a inkling into the most essential characteristic of neo-colonialism

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67. Nkrumah, n. 50, p. 108.

68. Nkrumah, n. 50, p. 161.

69. Nkrumah, n. 50, p. 161.

(though he does not realize its importance relative to "balkanisation" which he refers to as the most important weapon of neo-colonialism). He argues that once the Africans have returned themselves to the imperialist fold, this time of their own free will and not by territorial conquest the same forces which kept them lagging behind the industrial countries of the west, will continue to operate. The African countries will once more be open to imperialist exploitation. Political independence will be a sham and will have achieved nothing but the financial gains of certain groups within the national societies and the enrichment of the neo-colonialist interests.<sup>70</sup>

The greatest danger according to both Nyerere and Nkrumah from neo-colonialism is "balkanization".<sup>71</sup> Therefore they have given the call for unity among African states so that they can save themselves from the wiles of neo-imperialist forces. The imperialists according to them have often pleaded. Africa is divided by tribal differences.<sup>72</sup> The young nations emerging from colonialism are indulging in wasteful expenditure by duplicating industries and ventures which have already<sup>o</sup> been performed by the

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70. Nkrumah, n. 60, p. 161.

71. Nkrumah, n. 60, p. 173.

72. Nyerere, n. 66, p. 85.

older industrialised nations of the world whose products are available at lower costs. They therefore maintain that the metropolis should be allowed to operate within the neo-colonial societies.<sup>73</sup> Both Nyerere and Nkrumah meet the argument that the newly independent countries are not in a position to look after their own interests. They maintain that if this argument is accepted, self propelling development will never take place, for it is precisely because of this that they were made dumping grounds for western industries and suppliers of primary goods which ultimately, then, resulted in the backwardness of these countries.<sup>74</sup>

Both Nyerere and Nkrumah fearing the consequences of the policy of "divide and rule", argue that the metropolitan countries will produce even greater arguments for the perpetuation of balkinization of Africa. They will, indeed take advantage of their need for technical and financial assistance.

In this context they also talk in terms of a reduction of competition, between the underdeveloped countries.

Nyerere explains, that to get out of the yoke of neo-colonialism, a multipronged effort is necessary. In

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73. Nkrumah, n. 50, pp. 111-112.

74. Nkrumah, n. 50, pp. 111-112.

the first place he insists that each country must build for itself a polity and society according to its own genius and its own objective circumstances. In the economic realm he asserts that each country must have the freedom to build trade relations regardless of the hostilities of others and attaining free economic and technical cooperation from wherever possible without any strings attached with political independence, he believes there is need to throw off the old economic garb, that is "linked and geared to the capitalist world."<sup>75</sup> Nyerere like many other leaders of Africa is deeply influenced by Lumumba and Congo.

Quoting the example of Congo, he shows the lengths that the neo-colonial interest are prepared to go to achieve their ends. He shows that "it is possible for a colonial power to leave by the front door and re-enter by the back door."<sup>76</sup>

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75. Nyerere, n. 50, p. 323.

76. Nyerere, n. 50, p. 205.

## CHAPTER - V

### C O N C L U S I O N

This endeavour began with the intention of analyzing the various dimensions of the term neo-colonialism and to clarify the concept. This was done to break into the ambiguity which has surrounded the concept.

However, as in the case of most studies of a theoretical nature, it became necessary to delve deep into inter-related and inter-connected studies that have been made so as to understand any concept in its proper context.

It was vital, therefore, to examine the literature on various types of dependency, which have existed previously as also those which exist to-day.

It, therefore, became necessary to take into account the classical work of Hobson, Lenin and Bukharin so as to comprehend how the relation of development - under-development emerged. It was found that while the concept of imperialism has been current in literature of politics

since times immemorial, conceptually it underwent a change in its significance with the emergence of monopoly capital and finance capital. Hobson and Lenin are primarily responsible for this articulation. The basis of this imperialist dominance was, of course, finance capital but it was achieved through political control.

In order to be able to analyze the various forms of the metropolis-satellite relationship we examined the concept of semi-colonialism. Mao's work seemed to be the most influential work in this context. It is interesting that Lenin was the first thinker to have conceived of the situation of semi-colonialism. But he felt that semi-colonial relationship was basically a stage towards full colonization. The colonization had not taken place because of various reasons. However, the basic control mechanism was finance capital. We discovered that the most important work in this area was of Mao-Tse-tung. We saw how, in that in a semicolony, the economy is influenced by imperialist penetration. Imperialism also influences the politics, the structure of political elite and the conflicts within a society.

His work was also the first to highlight the influence of western culture and values on the society of the colonies and semi-colonies, so that what, ultimately emerged was <sup>a</sup> 'westernized', Asian, African or Latin

American. This factor is according to our thinking very important in the development of what in our view, the concept of neo-colonialism connotes.

We have discussed in our study the new relationship that had developed with more and more countries becoming independent. The question that serious scholars and political activists posed, was 'Have the underdeveloped countries really achieved independence?' This question arose directly from the fact that whereas the newly independent countries had been expected to move onto the path of development in leaps and <sup>bounds</sup> ~~strides~~, they were sinking very rapidly into the quagmire of underdevelopment. Their economy was in shambles and there seemed no way of recovering from this economic crisis.

As a result scholars began to examine the different factors operating in the economy of the Third World. They came to the conclusion that the west had retained its economic linkage with its former colonies and semi-colonies, and that the relationship which accrued from such a condition had emerged because of direct economic control with other forms of dominance accruing to the metropolitan country. But this was precisely the sense in which the concept of semi-colonialism had previously been used.

What then came to light was the fact that these



scholars were hardly talking of a new relationship<sup>but</sup> of the older relationship of semi-colonialism to which they had only given a new name, "neo-colonialism."

There are, of course, as has been emphasised previously in these pages, a large number of differences in the manner in which these thinkers have arrived at this conclusion. Thus Sweezy and Baran, in purely marxist terms, talk of the growth of "monopoly capital", in the "under consumption" and "over-production" in the Western world which results in the need for new markets. These markets are obviously the under-developed countries. Once this relation of subordination/superordination develops, it leads to a lack of development in the Third World. By contrast, Amin emphasises "exchange relations" as the dominant factor resulting in change in the structural characteristics of the backward areas leading to what he calls "extroverted growth", i.e. a growth whose major motive power comes from outside. This type of growth results in the "sucking out" of all that would have brought about their development. Frank too, sees exchange relations as the cause, but what is central to his argument is the process by which under-development develops. He maintains that capitalist relations between two countries of unequal rate of development leads to the perpetuation

of this situation; indeed the gap widens. Frank talks, on the one hand of the "development of development" and the "development of under-development". These two processes — one in the developed world and the other in the under-developed — are connected and inter-related processes which are produced by capitalist linkage between two countries. In other words, he sees the two as integrally correlated to each other.

Surprising though it may seem, it was political leaders rather than scholars who came closest to comprehending what the essence of the new relationship of neo-colonialism was. Thus Nyerere and Nkrumah both realized that in the post-independence period, dominance was not forced upon the under-developed countries of the Third World, but that if they lose their independence of decision-making, it would result from the exercise of their own free choice. However, even they did not emphasise this point adequately.

Surprising though it may seem, it was political leaders rather than scholars who came closest to comprehending what the new relationship was. Thus, Nyerere and Nkrumah both realized that in the post-independence period dominance was not forced upon the under-developed countries of the Third World but, that rather that if they did lose their independence, it would

result from the exercise of their own free will.

The exercise of free will by the Third World to its detriment arises from a linkage between the value systems of the two worlds. This impact is, of course, not new; it was there in the past. These values, in the pre-decolonization period were, however accepted by a small segment of the population, indeed by only one segment of the elite. Had this continued to be the position, it would have been difficult for the developed countries to dominate either the economies or to prevent their independent development or influence their political processes to their disadvantage. But the western values of the consumer society ~~not~~ have penetrated <sup>not</sup> only the elite but even the lower strata of the society ~~have~~ <sup>had</sup> also been methodically penetrated. This has come about with the use of a highly developed, perfected and effective media. This artful use of media has been able <sup>to</sup> effectively ~~to~~ spread the culture of a consumer society which prevents accumulation, a basic necessity for development. This culture has spread among a large section of the people so as now to ingratiate itself in the people as their own "free will". The difference now is that this culture is not being thrust on the people but is demanded by the people.

However, even Nyerere and Nkumah did not emphasize this point adequately.

Drawing on the inadequacies of the existing theories and the actual form of control as it exists today between the developed and under-developed countries we have been successful in isolating in its true perspective the concept of neo-colonialism which we may define as : a situation in which the economic dominance of a metropolitan state is not directly enforced on the decolonized under-developed periphery but rather in a more subtle and indirect way ingratiates itself into it so as to become its need through an exercise of free will.

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