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After Imperialism?

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Michael Barratt Brown's **After Imperialism** is undoubtedly one of the most important economic works recently published in English – indeed probably the most important for socialist theory and practice. The author's purpose is ambitious: to test Lenin's definition of imperialism against the realities of the British Empire, from the eve of the industrial revolution up to the present day. In doing so, he provides a fascinating history of the British Empire's rise and decline, and describes the economic and social transformations both in Britain and in the colonial countries from which it sprang, and the economic and social changes it has in turn wrought in all the countries it has touched.

For the first time, the whole history of the British Empire has been analysed by a scholar with a good knowledge of marxist method, an excellent knowledge of academic economic theory, and an exceptional gift for the exposition of economic history.

The development of the Empire is divided into four periods: a period of exploitation by plunder, often camouflaged as trade, culminating in the rape of India on the eve of the industrial revolution, and roughly ending with the Napoleonic wars, which established Britain's naval, military and commercial supremacy on a worldwide scale; a second period which extends roughly till the First World War (or the beginning of the 20th century), during which the expansion and consolidation of the Empire was mainly based on the need to conquer safe markets and keep the trade routes open, under the control of military and naval strongholds; a third period, which stretches from the beginning of this century till the early fifties, in which the Empire (and the Commonwealth which formally succeeded it) became mainly a means whereby big vertically-integrated oligopolistic trusts could preserve their private sources of raw materials and private markets, in the face of competition from other capitalist powers; and a fourth period, which we have very recently entered, in which the sharpening of international competition, as well as the changed structure of industrial output, forces the dominant oligopolies – especially in the heavy engineering and mass production sectors – to create subsidiaries in the sterling area countries, in order to defend their exports in a more efficient way than simply by protected markets.

This classification seems substantially correct for Britain. Michael Barratt Brown himself makes the point that Lenin's definition of the main driving forces behind colonial conquest was already correct in the case of Germany before the First World War, and became more and more correct for most imperialist countries after the First World War. An analysis of the specific nature of each particular colonialism is certainly necessary. Recent studies have shown, for instance, that the particular nature of Portuguese colonialism lies in its rôle as purveyor of cheap manpower and as the generally parasitic middle-man for oligopolistic colonial companies of other nations (mainly British and Belgian). French, Dutch, Belgian, German, and Italian colonialism should each be analysed in the same specific way as Barratt Brown analyses British colonialism. And when one *abstracts* from these specific traits, Lenin's general characterization retains its overall validity – an abstract one, it is true, but Lenin did not intend to generalize on any other level than that of abstraction.

I must take exception however to the title of the book, and to the way that its author has neglected to summarize his own characterization of the present stage of the Empire (Commonwealth) in a single formula. The French have coined such a formula, which has already been widely accepted. They call the present phase of imperialism, in which the former colonies have gained formal political independence, but continue to be subjected to economic domination and exploitation by foreign companies, *neo-colonialism*. That would have been a more correct title for the book. For its whole analysis drives home this very point; that imperialism – in the sense of domination by monopoly capitalism of underdeveloped countries – has not disappeared, but has only changed its form.

Before he lays bare the roots of neo-colonialism, Barratt Brown deals with a mass of fascinating problems, many of which I have also dealt with in my book, **Traité d'Economie Marxiste**. It will not surprise many Marxists that, using the same methods while not always the same sources, we arrive at substantially identical conclusions. This holds true for such different problems as the reasons why the first industrial revolution was located in Western Europe; the rôle and impact of colonialism on the economy of the colonial countries, which were arrested in their development and often actually regressed; the relation between the agricultural revolution (increase in productivity and output of agriculture) and the industrial revolution [1]; the real nature of today's so-called "mixed economy" in Western Europe, which is in reality a classical form of monopoly capitalism; the incorrect assumption that a "managerial revolution" has eliminated owners of capital from the control of the big oligopolistic trusts, and so on.

One of the interesting questions Barratt Brown tries to elucidate is Lenin's theory of a 'labour aristocracy', said to have been created in the metropolitan countries where imperialists distributed some crumbs of their colonial surplus-profits to the upper layers of the working class. Barratt Brown presents a convincing array of evidence to undermine this theory. I substantially share his 'revisionism' on this point. (Incidentally, the first Marxist to question this particular theory of the 'labour aristocracy' was the late Fritz Sternberg, in his book **Der Imperialismus**).

One important reservation should, however, be made. Lenin is certainly correct in stating that the colonial surplus-profit injected into the economy of certain capitalist countries created big 'reserves' which explain the general operation of 'bourgeois democracy'. It is no accident that Fascism triumphed in the twenties and thirties essentially in the 'poorer' imperialist countries, where the absence of colonies and hence of such reserves rendered social and economic contradictions much more explosive, and where the margin for compromises was therefore much narrower and sooner eliminated. The term 'labour aristocracy' is therefore a correct description of those layers of the *labour movement* which can easily find a satisfying niche for themselves within the framework of bourgeois democracy, and thereby ‘solve’ the social question at least for their own families: high trade-union officials; MP’s and municipal administrators: journalists, writers, and lecturers; and in general all kinds of ‘labour statesmen’ whose great apparent variety is only equaled by their desperate monotony of outlook. There is no doubt in my mind that there exists a definite relationship between surplus profits (both colonial and monopolistic), and the reformist integration of some of the leading strata of the *organized labour movement* into capitalist society.

But what is true of the *labour movement* is not necessarily true of the *working-class*, in the period of mass production (which was already predominant before the First World War in countries like Germany and the USA), where it is no longer ‘aristocratic craftsmen’ but mass production workers in big factories who become the highest paid workers in the metropolitan countries. To say that these best paid workers are a ‘reformist labour aristocracy’ flies in the face of many historical facts. In many imperialist countries (e.g. in Germany, Italy, France, Belgium and even in the USA in the thirties), these layers became the social basis of communist or left-socialist mass parties or tendencies, whereas the lesser paid workers, often less concentrated, less unionized and less militant, became precisely the mainstay of right-wing reformism or even non-socialist (e.g. catholic) unions or political parties.

As a matter of fact, the difference in standard of living between the best paid and the lower paid layers of the working class inside a particular capitalist country has always been much less pronounced than the overall difference in income between *all* the workers of one country and *all* the workers of another country, especially between the workers of the imperialist countries and the workers of the colonial countries. In this sense, the working class of the imperialist countries *as a whole* could be considered a kind of a 'labour aristocracy' compared with the workers and poor peasants of the colonial world. But this view too would imply a mechanistic form of Marxism. It would be historically inadequate to explain 'labour imperialism' and lack of solidarity by workers in metropolitan countries with colonial uprisings as an automatic result of these differences in standard of living. The history of the international labour movement shows many examples of great international solidarity, and many examples of desperate lack of solidarity, by metropolitan workers towards colonial revolutions, within the framework of the *same* basic differences in wages. Thus the explanation of these different forms of behaviour cannot be found in this permanent economic fact alone, but lies rather in the inter-action between these 'facts of life' and the *conscious leadership* provided by the organized labour movement.

It has been the failure to provide such a leadership for the movement that has generally been responsible for the apathy of metropolitan workers towards struggles for colonial freedom, of which the attitude of the French working-class towards the Algerian revolution was the most demoralizing example. But in the same way, widespread and systematic political propaganda in favour of active solidarity with colonial uprisings by the mass organizations of the working-class, generally succeeds in triggering successful actions of solidarity by the working class itself – such as the agitation of the Italian Socialist Party against the Tripoli expedition in 1913, which led to a general strike; the action of the international communist movement in the twenties in favour of solidarity with the Chinese revolution, which met with great success in Germany, Britain, France, etc.; and the threat of a general strike by the Belgian trade-union movement which prevented the government from sending conscripts to the Congo in 1959-1960.

As a matter of fact, Engels' formulas favour this 'revision' of Lenin's 'aristocracy of labour' theory much more than they support the theory itself. In his two letters to Marx and Kautsky, from which Lenin quotes, Engels speaks about the bourgeois mentality *of the whole English working class* in the 19th century, and not of any 'upper layer'. It is true that in his famous introduction to the second edition of **The Conditions of the Working Class in England**, on which Lenin draws extensively, Engels writes that these conditions have been improved only for two groups of the working class, whom he then represents as an 'aristocracy of labour': the factory workers who enjoy a legally limited working day, and the unionized workers. But it is obvious that as a result of economic transformations which took place not long after Engels wrote, the *majority* of the working class came to be included in these two categories, at least in most of the industrialized imperialist countries. Thus one can no longer speak today of an 'aristocratic minority' as opposed to a miserable 'mass' of the Western working class. [2] The contrast is rather between the vast mass of factory workers, and the over-exploited *minorities*: home-industry workers, agricultural workers, domestic workers, crippled and old-age pensioners, colonial immigrant workers, negro workers in the USA.

Engels points out correctly that Britain's surplus profits were based not so much on direct 'colonial exploitation' as on the use of Britain's *industrial monopoly*, or to put this more exactly, its *productivity differential* compared with every other country, from which significant wage differentials also sprang. [3] Barratt Brown is therefore also right when he 'revises' Lenin on this point too – that is, when he returns to a more general and less conjunctural analysis than that of ‘colonial surplus profit’. Colonial surplus profit is one special aspect of a general category of *monopoly surplus profit*, which in a country like the USA today is much bigger as a result of exploitation of less developed trade-partners than it ever has been in an imperialist country directly exploiting a colonial empire.

But here we arrive at the heart of Barratt Brown’s thesis. After the initial period of outright plunder and primitive accumulation, and setting aside the obviously devastating *objective* results of colonial rule upon the economic development of the colonies, (of which Barratt Brown gives a very adequate description), to what extent has there in fact been ‘economic exploitation’ of colonial, or generally backward countries, by advanced industrial countries? Carried away by the momentum of his substantially correct criticism of some of Lenin’s more conjunctural analysis, Barratt Brown seems here to go overboard on the other side of the argument.

The facts he marshalls indicate quite clearly, it is true, that income from foreign investment (which did not even go mainly to the colonies anyway!) has not played a decisive rôle in the profits of British capitalism – although it has been decisive for balancing Britain’s balance of payments over a long period, and for counteracting the falling rate of profit, two points which Barratt Brown readily admits. He is also correct in stating that throughout the 19th century and up to the First World War *exports of goods* was more important than *exports of capital* for the prosperity of British capitalism. He correctly picks out Engels’ formula of ‘industrial monopoly’ (or more correctly: the productivity differential) as the real basis of British capitalism’s world-wide power.

But all this does not answer the question. Or rather, when Barratt Brown infers from it that ‘the wealth of rich lands such as Britain has not been a function of the poverty of poor lands', –i.e. when he eliminates the category of exploitation from his analysis of international economic relations in the 19th and early 20th century – he overstates his case. For if he is basically right in saying that the wealth of British capitalism was rooted in trade (exports) and not in foreign capital investment, then *it is precisely this trade which was the main form of exploitation of the underdeveloped countries by the developed ones*.

What Barratt Brown misses in his analysis is Marx's whole explanation of international trade as often an *exchange of unequal quantities of labour*: less (skilled and intensive) labour of highly productive countries against more (skilled and less intensive) labour of backward countries.

Marx's theory of international trade is a variation of Ricardo's theory of comparative costs, perfected by a better understanding and application of the labour theory of value. [4] Under capitalism, there is no international equalization of the rate of profit, given a high degree of international immobility of capital and labour. But there is the creation of a world market with single prices for many commodities. How will these prices be established? By averages between the production prices of the advanced countries and production prices of the backward countries (Marx calls these 'average utilities of universal labour'). As long as the world level of industrialization does not prevent this, prices of *exported manufactured goods*, will be *above* the production price in the advanced capitalist countries (i.e. will fetch the exporter a surplus-profit over and above the average profit he enjoys on his home market) and prices of *imported primary goods* will be *below* the production price of these same goods in the advanced countries (i.e. will cheapen the cost of constant capital, and enable a reduction – or a lesser increase– in nominal wages). Of course, as these export prices of manufactured goods will still be lower than the production prices inside the underdeveloped countries, and as these import prices of primary goods will still be higher than what their owners could fetch for them on their under-developed home market, the backward countries have an immediate interest in specializing in this form of international division of labour – at least from a capitalist point of view.

In this way, by maintaining a roughly speaking three scales of value – in the advanced countries; in the backward countries; and on the world market – an international division of labour which confines the backward countries to output of primary products is created. Barratt Brown rightly underlines that this division of labour has no ‘natural’ origin whatever, but is the result of a deliberate policy by the imperialist powers, which enables the industrialized countries to enrich themselves through trade and to counteract their falling rate of profit. Trade between industrialized and underdeveloped countries at ‘world market prices’ is not based on an equal exchange of value, but on a constant *transfer of value* (surplus profit) from the underdeveloped to the industrial countries, exactly in the same way as exchanges between firms some of which enjoy monopolies of technical know-how (and so produce at a level of productivity *above* the national average) transfer surplus profits to those firms on the national market of a capitalist country.

Barratt Brown’s counter-argument runs along these lines: in order to import manufactured goods, the underdeveloped countries have to export primary products. If the terms of trade turn against them – and the long-term evolution of the terms of trade precisely reflects the phenomenon of transfer of value just described! – this automatically reduces their international purchasing power. Therefore, the economy of the imperialist countries does not really profit from an evolution of the terms of trade in their favour; paradoxically, periods of booming exports in Britain are traditionally linked to periods during which the terms of trade tend to move adversely against Britain. [5]

Basically, this counter-argument is simply a variation of the old Ricardian thesis that foreign or colonial trade provides no means of increasing the rate of profit in the industrial countries. Marx proves convincingly that Ricardo was wrong. [6] To apply his answer to Ricardo – to the problem posed by Barratt Brown: the adverse evolution of the terms of trade is no absolute check on the imports of manufactured goods by underdeveloped countries, as long as supplementary purchasing power can be found: *a*) in the *revenue* of the native ruling classes, exchanged for imported luxury goods (which might imply a drain of gold and silver, if the adverse trend of the terms of trade creates a balance of payments deficit); *b*) through an increase in the *quantities* of primary products produced and exported, which might offset the effects of the adverse movement of the terms of trade on the balance of payments; *c*) through a development of capital exports by the industrialized countries, which play the rôle of *credit*, enabling the underdeveloped countries to increase their imports of manufactured goods, and so eventually to increase their output of primary products, and thereby to increase their purchasing power for exports, etc.

The very statistics quoted by Barratt Brown for various periods prove the point. For instance, between 1884 and 1900 the terms of trade became more and more favorable for Britain; in fact they rose by 20 per cent, which is as big an increase as that witnessed since 1952. Nevertheless, the volume of British exports rose by nearly 50 per cent during these 16 years, and the share of these exports absorbed by the underdeveloped countries did not diminish at all.

Today, this development has taken a peculiar form. The initial industrialization of many semi-colonial countries has, of course, completely changed the situation in some fields of traditional light industry such as textiles. Precisely because of backward conditions in the semi-colonial countries, above all the much lower level of wages there, these countries have become formidable competitors for imperialism in this field. No British or American industrialist or trader can hope to make 'surplus profit' by exporting cotton goods to India or Egypt, or by exporting nylon shirts to Hong Kong. But this very movement of industrialization creates a new and no less impressive 'productivity differential' in favour of the imperialist countries in international trade. This takes the form of a heavy premium on exports of the means of production, especially industrial and electrical equipment. Whatever may have been the results of sharpened international competition on the price-level of these export goods, the prices paid by the underdeveloped countries for these imports imply a transfer of value (exchange of more labour against less labour) as great, if not actually greater, than the exchange of cotton goods against raw cotton involved in the 19th century.

This is, by the way, the *economic rationale both of neo-colonialism* and of all the variegated initiatives in favour of '*aid to the underdeveloped countries'*. Far from being pure philanthropy or a simple 'product of the cold war' (an attempt to prevent these countries from 'going communist'), it is in one sense a huge permanent subsidy to the heavy equipment manufacturers of the imperialist countries themselves. This point is perhaps insufficiently stressed by Barratt Brown.

There remains to be examined the conclusion which Barratt Brown draws from his long and rich analysis. He shows that the social structure of most of the newly independent countries (as compared with the social structure of a country like China), is a major obstacle to their rapid economic growth. He goes on to state – with the necessary prudence, but much more clearly than the Soviet and Polish members of the UN commission which drafted the report on the economic consequences of disarmament! – that it is unlikely that monopoly capitalism will advance aid in such massive volume to the underdeveloped countries as to make their rapid industrialization possible. Finally, Michael Barratt Brown winds up his inevitably distressing picture of the chances of world industrialization today by an appeal to the British labour movement – and the labour movement of Western Europe generally – to undertake this formidable task itself. His proposals imply a scheme for long-term guaranteed purchases of both industrial and primary products, as part of a multi-lateral trade clearing system, leading to some form of international economic planning (e.g. the Regnar Frisch matrix). This in turn implies much more national planning, both in the Western European countries and in the underdeveloped countries, than is being practiced today.

Barratt Brown stresses that this will mean a major challenge to capitalism everywhere. I wholeheartedly agree with this conclusion. I would even go further and say that without a *conscious break with capitalism*, without a planned economy attuned to production for needs and not production for profit, the successful application of such a scheme on a wide scale will prove to be utterly utopian.

It is very improbable that governments which are not ready to break with capitalism on a national scale will be ready to do so on an international scale. Barratt Brown's real challenge is therefore directed at the labour movement itself; he calls its leftward-moving militants and cadres to become conscious of their tremendous international responsibilities once a new Labour Government comes to power. They could, if they really wanted to, dramatically hasten the end of world imperialism, and assist economic and social emancipation of the colonial peoples and their thrust forward towards planned industrialization on a socialist basis. Whatever may be the intentions (or rather the very lack of them!) of the present leaders of the Labour Party, if the majority of the militants of that party presses forward with all its strength for a basic break with capitalism, in 'national' as well as 'international' terms, no power in Britain could stop that break from becoming a fact.

Top of the page

Footnotes

1. Since many writers think they have just discovered the truth (see an interesting book by Paul Bairoch: **Révolution industrielle et sous-development**, Société d'Edition d'Enseignement Supérieur, Paris), it is worth pointing out that Marx was well aware of this fact and wrote about it very clearly: "… the development of industry presupposes that agriculture has already witnessed an important variation (distinctive development) of constant and of variable capital, i.e. that a mass of people have already been expelled from tilling the land" (**Theories of Surplus Value**, vol.II, chapter VIII, p.100, in the sensational new edition first published by the Marx-Engels Institute in Moscow which appeared in German in 1959, published by the Dietz Verlag of East-Berlin.

2. Barratt Brown is wrong when he speaks in this context of 'the failure of Marx's prophesy of increasing misery for the workers'. In none of his major *economic* works (**Grundrisse der Kritik der politischen Oekonomie**, **Zur Kritik der politischen Oekonomie**, **Theorien über den Mehrwert**, **Das Kapital**), can there be found a trace of the so-called 'theory of increasing

misery' (or theory of 'absolute pauperization'). This theory was in fact attributed to Marx by his *critics*, especially the so-called 'revisionists' at the turn of the century, and it was later hastily and unwisely adopted by many marxists. One can find in Marx's mature economic writings two theories which in my opinion have been empirically confirmed: a theory of *long term relative* impoverishment (i.e. of a declining of wages in the total national income, this part of course weighed by the percentage of the total active population engaged in wage labour); and a theory of *periodic short term absolute* impoverishment, as a result of unemployment.

3. The USA has, of course, enjoyed the same 'productivity differential' for the last 30 or 40 years – with much the same impact on the level of American wages and the political consciousness of American workers as this 'differential' had in 19th century Britain.

4. Some years ago, an interesting discussion took place in Yugoslavia between two economists, Yanez Stanovnik and Yojé Vilfan, on Marx's theory of international trade: (see: **Questions actuelles du Socialisme** no.51, November-December 1958). Although, in my opinion, it is Vilfan who adopts the more generally correct positions in this discussion, it is Stanovnik who stresses the evident relation between Marx's theory of international trade and Ricardo's theory of comparative costs.

5. Barratt Brown makes the point, however, that a minority did in fact profit from it (especially in the twenties and thirties of this century). Marx of course states that the exploitation of the backward countries by the advanced ones through international trade, generally favors *only* the capitalist class in the industrialized countries.

6. **Capital**, vol.III, ch.XIV; pp.219-220 in Fr. Engels' edition (5th printing, Otto Meissners Verlag, Hamburg 1921), and **Theorien über den Mehrwert**, vol.II, chapter XV, pp.433-435, in the above-mentioned new edition.