Capitalism and underdevelopment: where Leninists go wrong (1986)

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The whole Leninist theory of imperialism turns on two or three major concepts: the twin notions of super-profits and super-exploitation, monopoly (defined in a strictly legal sense) and investment strategy. In Imperialism: The Highest Stage of Capitalism (1916), Lenin pretended to have discovered an ultimate and final stage of capitalism, and this discovery has been widely attributed to his astute grasp of the materialist conception of history. Reading his pamphlet between the lines, however, we discover the existence of at least five acutely un-Marxist tendencies:

First, Lenin ignores the definition of monopoly favored by Marx as a monopoly established socially by the capitalist class over the means of production, proceeding instead to adopt a conventional (bourgeois) definition of it as the centralization of control of industries resulting in "restraint of trade".

Second, Lenin identifies capitalism as a system of production with its regime of 19th-century Liberalism, thus persuading himself that the latter's all too apparent demise meant the onset of the socialist revolution.

Third, Lenin describes the frenzy of imperialist acquisitions by the European powers in the last quarter of the 19th century as being the result of monopoly defined in the above manner, in so far as the super-profits made by the monopolies forced capital to be exported abroad to the system's undeveloped periphery, foisting super-exploitation on the local working class and a pattern of "dependent" economic development on the local capitalist class.

Fourth, investment strategy moves quickly to the fore as the dominant focus of Lenin's analysis. His theory of imperialism orients itself around decisions as to how to invest capital rather than around the conflict between capitalists and workers.
Fifth, Lenin's theory is preoccupied with questions of international commodity exchange and very little with capitalist production as such.

Later Leninists have built on these erroneous views of their master to argue that the fundamental cause of underdevelopment is the unfavorable relations of exchange that have evolved between capitalists on the "periphery" and those in the "metropolis", rather than the rigid social structures inherited from colonial times or from home-grown traditions.

ROADS TO CAPITALISM

Teresa Meade in an article in Latin American Perspectives (Summer 1978) on "The transition to capitalism in Brazil: Notes on a third road" argues that "normal" capitalist development in Brazil (and hence, by implication, everywhere that comparable conditions existed) was impossible, owing to the region's integration into the emerging capitalist world economy.

The "third road" referred to in the title of her article is distinguished from the classical or "first" road (according to which small independent producers challenged the dominance of an assumed "pre-capitalist mode of production") and a Prussian or "second" road (where the Junker landlords retained control of the agricultural system even as they benefited from its overall industrialization).

Here Leninist theory has typically inverted the relationship between agricultural backwardness and capitalist development. But it does call attention to the fact that capitalism is a single system of production which develops differently under different conditions. Many a critic of Marxism has concluded with premature glee that the very diversity of capitalist development disproves Marx's analysis of it. What Meade curiously - or not so curiously - neglects to do, however, is to broaden her criterion to include all forms of capital accumulation regardless of ideology. For she has managed to leave out Soviet (or Chinese) state capitalism as an intervening "third road" before she got to the case of Brazilian capitalism.

In the same issue of Latin American Perspectives Peter Singlemann argues that:

during the initial phases of the industrial revolution in the advanced capitalist nations, colonies and dependent nations contributed to the formation of relative surpluses in the industries of the metropolis . . . The amount of relative surplus can be increased by decreasing the amount of socially necessary labor which, in turn, entails a devaluation of the means of subsistence.

This "devaluation", it turns out, is really the campaign to cheapen labor-power, the model case for this being the Anti-Corn Law struggle in mid-19th-century Britain carried out by the industrialists, who subsequently kept the price of grain down by importing American wheat "which paid no rent".

This idea of rent holding up the value of labor-power is in fact interpreted in a very rigid manner: in his The Law of Value and Historical Materialism Samir Amin advances the thesis that there exists a "world-scale hierarchy in the price of labor-power" (radiating outward from the developed centers), in which the price of labor-power and the productivity of labor are disconnected from each other,
owing to the distortions created by an export-oriented production strategy. This strategy in turn marks the subordination of local capital to that of the center, perpetuating "super-profits" in the center and "super-exploitation" of labor-power on the periphery. The point, according to Amin, is that the reduction of ground rent to insignificance has failed to take place to a large extent throughout the third world and therefore has blocked the further investment of capital in productive activity, with a consequent brake on industrialization.

LENINIST INVESTMENT ADVICE

Since third-world countries have generally had or continue to have an agonizingly protracted experience of pre-industrial capitalism, Leninist theory has seen in agricultural backwardness an effect rather than a cause of "low and slow" industrialization. However, whether or not we are talking about "classical" economic development, the original source of the "industrialization fund" of an economy based on commodity exchange is an agriculture which has been monopolized (in the Marxian sense) by agrarian capitalists or capitalist farmers. This process of social monopolization of the means of production carries with it the mass expulsion of the rural population - regardless of the exact course the process may follow - leaving behind only those whom wages can pay or those who can pay them. On the classical model, this leads to a direct polarization of capitalist-worker relations in the countryside and to a lowering of the value of labor-power as in Britain with the abolition of the Corn Laws in the 1840s.

Leninist theorists argue that this process (the "formation of relative surpluses") is blocked for third-world capitalists because of their investment strategy of channeling their capital investments into exports of locally produced goods and then compounding the contradiction by locking themselves into import substitution (instead of, as formerly, into conspicuous consumption).

Import substitution - the decision to manufacture domestically what before had been imported (a major trend after the second world war) — is arguably self-defeating as a way to capitalist development. But the propriety of advising the capitalist class on how to "correct" the situation (even if this means replacing wholesale one gang of accumulators with another) is highly dubious at best. It is not necessary, as Leninists claim, for the working class to achieve its emancipation from capital, in the underdeveloped countries or anywhere else, by proceeding to place commodity production on a competitive footing through the foundation of so-called "proletarian republics" (state-capitalist regimes) as a supposed means of allowing productive capital to build up its base of profits by turning its investments to light industry. State capitalism is not a necessary step in third-world countries towards socialism but just another road to capitalism.

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