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Imperialism and Underdevelopment

The following articles are contributions to the discussion about the significance of imperialism as a determinant of economic and social underdevelopment in the countries of the Third World.

The Basic Contradictions in Purposely Underdeveloped Countries

by Professor Dr Schapour Ravasani, Oldenburg *

Which system of production is the predominant one in countries which are kept in a state of underdevelopment (CKUs)? The production systems of these countries develop according to decisive common determinants which allow them to be examined on the basis of a few uniform premises. The evolution of the productive facilities and the conditions of production cannot be considered in isolation from the cardinal issue of the ownership of the means of production. It must therefore be examined whether the means of production in the CKUs are owned by a national bourgeoisie or by foreign monopolies or a compradore bourgeoisie.

An examination of the forms of ownership presupposes a determination of the historic epoch through which the investigated country is passing. Those who argue that the feudal system of production is the predominant one in the CKUs of today ignore the rise and development of the

capitalist method of goods production, the operation of capitalist enterprises in industry and agriculture, the role of foreign capital and the developments in the capitalist world market during the last few decades. It would also have to be proved first that the country in question has in fact entered the period of feudalism in the course of its historical evolution.

It has been asserted that the production system in CKUs is a capitalistic one because these territories are dominated and controlled by capitalist imperialism. Against this assertion it may be argued that while imperialism is indeed striving to introduce the capitalistic conditions of production in the colonies and underdeveloped territories, one must not ignore the fact that it is also impeding or striving to impede their capitalistic development. Production of goods, payment of wages and attainment of surplus value are not, irrespective of the problem

of the ownership of the means of production, adequate criteria for the identification of a production system as a capitalistic one.

Predominance of the Compradore System

The absence of an imperialist or colonialist influence from outside which could have prevented a specific social development was one of the historic reasons which explain why the capitalistic production system could evolve in the European countries and the USA. In regard to the CKUs, on the other hand, it can be stated that they have as a rule a compradore system, a form of society which differs from feudalism and capitalism in significant aspects. What are the characteristic features of the compradore system? What are its attributes? And how does it differ from other forms of society?

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The history of the CKUs may generally be divided into two periods:

- ☐ the pre-imperialistic period, and
- ☐ the period of imperialistic dominance.

The pre-imperialistic period comprises the history of the country up to its invasion by imperialism. From that moment onwards imperialism has given rise to profound changes in the structure of society and the system of production. The second period commences at this point and lasts in every country until its complete economic and social liberation. Imperialism has been acting as a factor of constantly increasing importance on the social structure of all backward

territories ever since they were invaded by colonialism or imperialism, with the result that their social evolution was decisively determined by the developments in the world market which is dominated by capitalism.

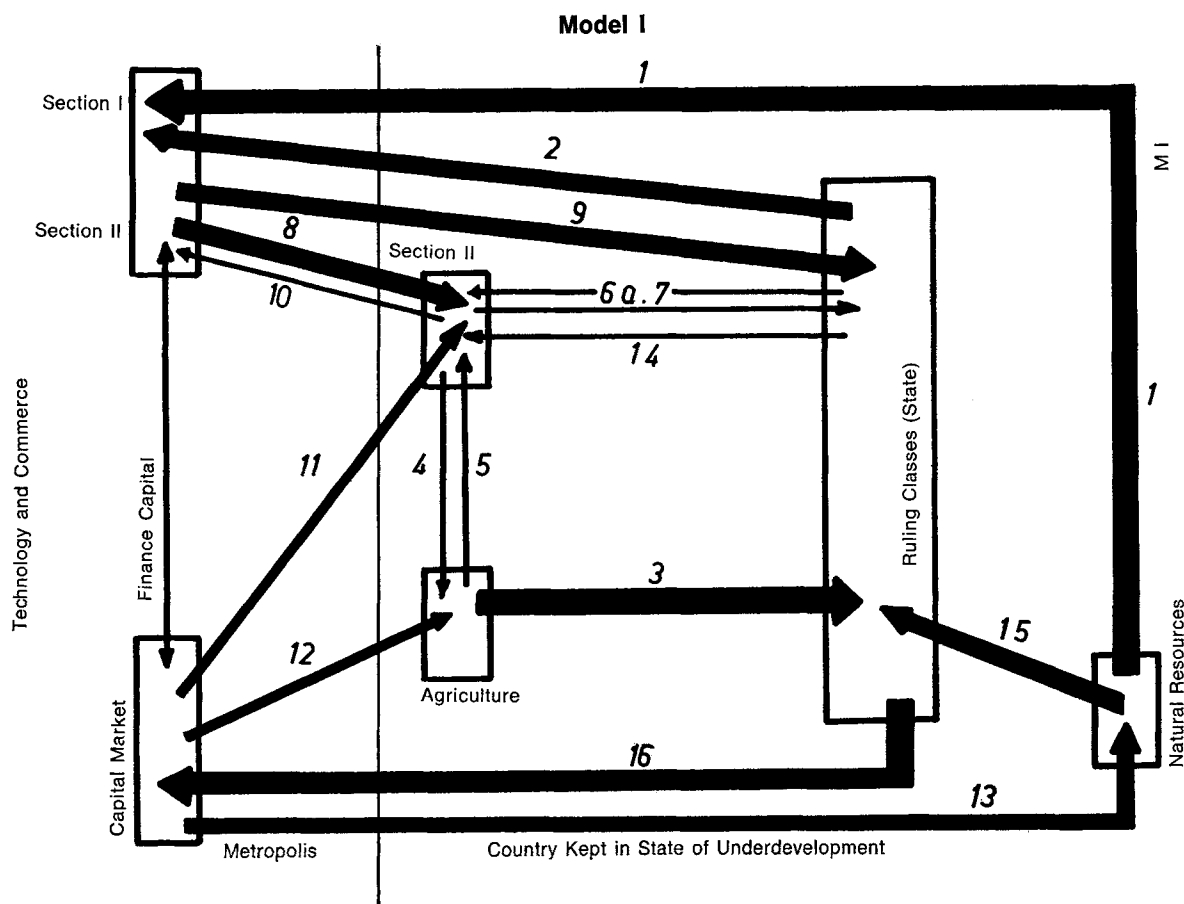
The characteristic features of the production system in CKUs — i.e. the compradore system — can be demonstrated most effectively by the following two models.

The importance of the relations is generally indicated by the thickness of the lines. The importance of these economic relations varies from country to country. In a model (I or II) relating to one particular country the lines may therefore be of different thicknesses.

Model I depicts the situation in CKUs generally. Model II shows the situation in some such countries, like Brazil, Iran and India.

Model I

Section I (Production of the means of production) does not exist. Section II (Production of consumer goods) is dependent upon and controlled by foreign technology and capital. The domestic market is relatively unimportant because the backward structure of agriculture enables the ruling class to appropriate most of the agricultural surplus. Exchanges of goods between peasants and consumer goods industry are necessarily of limited extent. Imports of foreign consumer goods also impede



1. Exports of natural resources to the metropolises. 2. Exports of agricultural products to the metropolises. 3. Deliveries of agricultural products to the landlords. 4. and 5. Exchange of agricultural products for industrial products (consumer goods). 6. and 7. Exchange of agricultural products for industrial products (by the ruling class). 8. Imports of machinery. 9. Imports of consumer goods. 10. Exports of industrial manufactures. 11. Investment of foreign capital in Section II. 12. Direct investment of foreign capital in agriculture. 13. Direct investment of foreign capital in mining and oil wells. 14. Investments by the ruling class in Section II. 15. State revenue from concessions. 16. Exodus of capital to capitalist countries.

the development of an indigenous small industry.

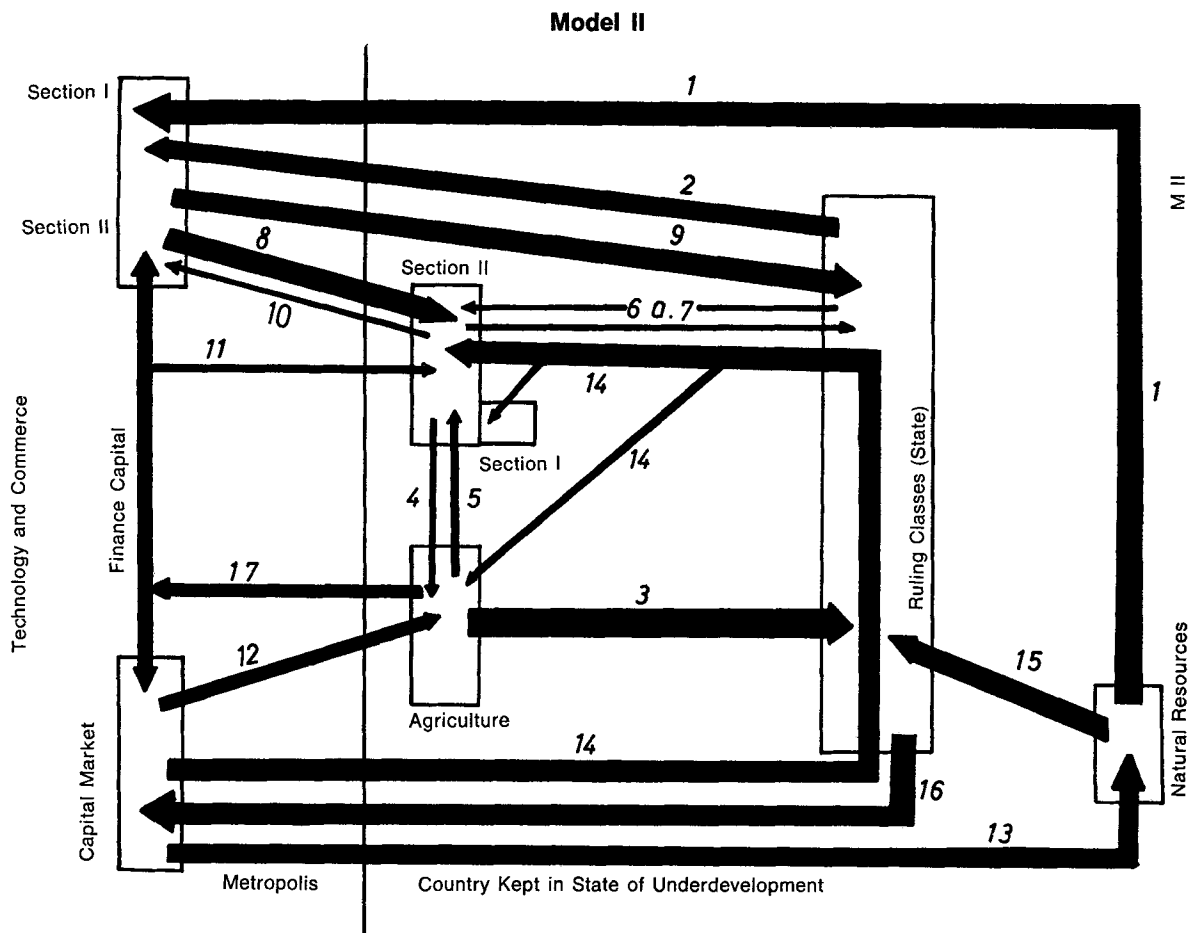
The ruling class draws on the indigenous domestic market for a minor part of its consumption and encourages imports of foreign goods. The metropolises invest directly and through joint companies in Section II and in agriculture. The principal capital investments by foreign combines are for the exploitation of natural resources and mining operations. Royalties and taxes are an important source of state revenue. The ruling class finances its luxurious way of living and the tools of suppression (army, police, secret service, etc.) from this revenue and the income from the exploitation of peasants, workers and small pro-

ducers inside the country. It transfers part of the value accumulated there from abroad as private property; a small part only is invested locally in Section II and agriculture.

Model II

Some changes have occurred in the economic structure of the CKUs in consequence of the development of production facilities in the metropolises. The infrastructural development of the CKUs had to be fostered in order to facilitate the exportation of technically highly-developed goods from capitalist countries to them. The expansion and development of their domestic market has made the inflow of goods and capital possible. This development of their do-

mestic market forms part of the big monopolies. Taking place in dependence upon the big monopolies, it does not lead to the evolvement of national capital but on the contrary hampers the development of existing national capital and as a rule leads to its accretion to the international capital. This process is brought about mainly and apart from other measures by the formation of joint ventures with the participation of foreign combines and the local compradore bourgeoisie. The whole of the private sector is thereby brought under the control of foreign capital. In principle the same procedure is followed in the public sector, for instance through the formation of joint ventures by the state



1. to 13. as in Model I. 14. Joint domestic and foreign capital investments in Section II, Section I, banking and agriculture. 15. State revenue from concessions and/or supply contracts. 16. Exodus of capital to capitalist countries. 17. Direct exports of agricultural products to the investing country.

and foreign monopolies. The interdependence of the state and foreign monopolies has at times been accelerated by extensive granting of concessions over raw material resources to the monopolies.

Section I which has been established in the public sector on a minor scale only is a constituent part of the economic concept of the metropolises; it depends upon them and is controlled by them technically as well as economically. The foundation of mixed banks has made it possible to control the monetary system according to the interests of foreign finance capital.

The utter dependence of the CKUs upon the metropolises manifests itself in Model II more clearly than in Model I. Agrarian reforms, partial establishment of Section I, increased foreign investments in industry, agriculture, banking, etc., intensify this dependence. The state is becoming increasingly integrated with the circulatory system of the metropolitan economies. This integration tendency is reflected by capital participation of the compradore class in certain sectors of the metropolitan economy (Arab money in metropolises).

The emergence of Section I does not alter the essential nature of the compradore system in any way. The increased foreign direct and joint (private and public sector) investments aggravate the effects of the subjugation and dependence. In comparison with the more underdeveloped countries (Model I) the Model II countries (Brazil, Iran) assume the role of major capitalist bases.

Foreign Influence an Impediment

It is shown clearly by Models I and II that a CKU cannot be liberated from imperialism if this dependence has not been elimi-

nated. The foreign capital was not and is not in a position to take over the historic task of the national bourgeoisie in the underdeveloped regions. It allies itself to the most reactionary parts of the ruling classes or sees to the evolvment of a reactionary class. The production enterprises set up by foreign capital remain enclaves or islands in the economies of the CKUs. Coincidentally the backward methods of production in these countries are preserved. In this way the foreign capital has impeded the process of industrialization and the creation of national capital. Domestic commercial capital was unable to develop into industrial capital owing to the superior power of foreign capital and the large volume of goods imports.

Today however a process of industrialization can be observed in some sectors of the CKUs. The growth taking place in various sections of production is not however geared to the requirements of the country concerned but to the interests of imperialism as directed to this and/or neighbouring countries. The plans for growth remain part of the worldwide concepts of the monopolies and are accordingly subordinated to the changes in the requirements of imperialism. The uneven growth in the various sectors, the preservation of backward production conditions in one part of society and the modernization of another part are contingent upon the economic and social policies of the compradore class and the bourgeoisie of the imperialistic countries because these can determine the development or non-development of the various sectors and territories regardless of national interests.

The domestic commercial capital has in part allied itself to the big landowners. This alliance preserves the backwardness of a country. In the condi-

tions created thereby goods are produced for the world market, the money circulation is increased and capital is invested in the agricultural sector, but the country is not being industrialized.

Compradore Class in the Service of Imperialism?

Of late however there has been evidence of a development pointing in another direction. In the course of state-controlled land reforms former landowners have been compensated for the loss of their landed property in monetary form or by share capital. This capital is in various forms incorporated in the international capital because — for a large variety of causes, all originating from the superior power of the international monopolies — there is no free market (free in the national sense) for its deployment inside the countries in question. The result is that the emergence of an independent national bourgeoisie with strong capital resources is impossible. The compradore bourgeoisie on the other hand is developing and gaining strength. The outcome of all this is that the salient and characteristic feature of the economic-political system of the CKUs today is the existence of a compradore class. This class consists of native big capitalists (usury, banking, commercial, industrial capital) — i.e. the compradore bourgeoisie — and of senior officials and officers (compradore bureaucracy and military), big landowners (compradore landed property) and the families and/or individuals who collaborate with the foreign capital.

These distinctions in regard to the compradore class may give the impression that it actually consists of several independent classes. In reality it is impossible to draw a clear economic or social dividing line between

the social groups composing the compradore class in the CKUs because the same families and/or individuals hold as a rule the various social and economic positions and because these families and individuals are often closely connected.

The compradore class rules and functions in the interests of imperialism. It does so as an intermediary between the foreign capital and the domestic market. As such it enables or helps the foreign capital to exploit the natural resources of the CKUs. The compradore class must not be identified with the national bourgeoisie. Owing to its ramifications with the international capital it is, unlike the national bourgeoisie, unable to advance the political and economic — i.e. the national — independence of a country. Initial steps towards the development of a viable national bourgeoisie were taken in the colonies or CKUs during and shortly after World War II when the imperialist camp had been weakened (Iran, Egypt, Argentina). This development however was of short duration. Capitalist imperialism increased its economic and political influence substantially as it recovered, and the national bourgeoisie in consequence weakened more and more while the compradore class gained the upper hand.

On the Compradore State

The composition of the compradore class, the basis and support of the compradore state, must be subjected to a concrete analysis in every country because this analysis is of great importance for the strategy and tactics of the class struggle or the anti-imperialist struggle, respectively. The cardinal question in a socio-economic analysis of the CKUs concerns the essential character of the state, its class composition and its links with imperialism. Any interpretation of the economy and

society of these countries is bound to be misleading if the essential character of the state is disregarded.

In the countries which had already a state when they were invaded by imperialism the central function of the state, the exploitation of the oppressed classes, was extended; in addition the foreign interests had to be upheld and enforced against the people.

In territories where colonial administrations had been set up by colonial powers in order to exploit the country (e.g. in many African countries) these administrations were later in cooperation with native collaborators and local rulers converted into so-called "independent states". These states have the function of developing and/or preserving the foreign interests and the conditions of exploitation in the society concerned.

In both cases the states in these territories have become component parts of imperialism. The latter endeavours to preserve and intensify the local conditions of exploitation in these countries. For this purpose the control of imperialism over the compradore state has to be safeguarded. This is done in two ways: on the one hand, by integrating the rulers with imperialism by economic and non-economic means. If necessary the ruling persons (kings, military dictators, etc.) are installed by imperialism, mostly through a military revolt which is carried out by officers and politicians in the service of foreign capital. Control may, on the other hand, be effected through direct links between the imperialist states and public servants (compradore bureaucracy, compradory military) in the CKU. Signs of direct organised links can be detected in all state institutions, especially in the army and in the police. The organs of state power, such

as the executive, the judiciary and the legislature, are under the full control of the compradore class. The army, the police and the security organs are the strongest state organisations under the compradore system. Through their leaders, on the one hand, and by cross links (foreign advisers, officers in contact with imperialist governments, etc.), on the other, these organisations are under the direct control of imperialism.

Injurious Economic Cooperation

A superficial view shows the close economic cooperation of the compradore class with imperialism going on in two sectors, the public one and the private one. The infrastructure investments of the state are financed through appropriation of the surplus value produced inside the country and through partial appropriation of the revenue from natural resources handed over to foreign capital directly through the granting of concessions or the conclusion of long-term supply contracts. The corrupt compradore state or compradore class makes investments in the spheres which fit into the economic concept of imperialism and not in those which meet the requirements of the CKU. The dissipation of state revenues hampers the accumulation of capital in the public sector. The major part of the state's revenues is transferred back to the metropolises, not only by high deficits in foreign trade and large payments for foreign services but more especially through purchases of arms.

In the so-called private sector the members of the compradore class, who are also active in the state sector, cooperate with foreign firms in a private capacity. The private sector cannot be described as a national bourgeoisie. The private sector, like the state sector, is dominated by foreign capital. Investments

may be made through foreign combines instructing native inhabitants to invest money which forms part of the combine's capital. The profits are transferred abroad while the local figureheads are appropriately rewarded. The economic interests of the ruling class and the imperialists are safeguarded in both sectors by legislation as the government apparatus and parliament are as a rule acting as executive organs for the compradore class and imperial-

ism. There is no domestic economic power of any importance aside from the state power.

In regard to the function of the compradore bureaucracy it should be added that it does not only aim at conducting the administration of the state in the common interests of the compradore class and imperialism but also exercises an influence on the cultural life of the country. The policy of education in its widest sense and the communications media are subordi-

nated to economic interests. Public opinion is manipulated according to the demands of imperialist dominance. In a historic-social context the compradore class shows essential signs of general personal continuity flowing from family links. Political changes do not affect this continuity significantly. Elimination of the compradore system is the only means of eliminating the compradore class and thus the political continuity of the ruling class.

Peripheral Capitalism?

by Professor Dr Marion Mushkat, Tel Aviv *

Efforts continue to be made to find a definition for Third World countries which fits all of them. That such efforts are still being made is understandable, for "Third World" is a merely geographical term and the situation in individual developing countries shows great variations. There is no criterion by which "underdevelopment" can be defined in a scientifically unobjectionable and universally valid form.

The concept of "*peripheral capitalism*" has been accepted more and more widely of late. It allows for the fact that the economic systems in question are all based on the law of supply and demand, produce goods and use the surpluses in accordance with the principles of the capitalist economy and have an industry playing a major role as is the case in capitalist countries. These economic systems have nevertheless remained at the periphery of the capitalist world economy¹. The requirements and dynamics of the "centre" were the only in-

terests which were taken into consideration for their incorporation into the global capitalist economy. It must be stressed in this context that the choice of the term "peripheral capitalism" was influenced to some extent by the theory of imperialism. The urge of one community (usually a nation) to dominate another one is one of the crucial features of imperialism according to this theory. As Galtung in particular has pointed out, the apex of the imperialistic community in this case cooperates with the upper section of the dominated people, with which it is linked by common interests, and enriches itself at the expense of the dominated people².

According to Bairoch³ who in this respect follows Baran,

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¹ M. Ikonikoff, *Sous-Développement, Tiers-Monde ou Capitalisme Périphérique?* (Underdevelopment, Third World or Peripheral Capitalism?), in: *Revue "Tiers-Monde"*, Vol. XIII, No. 52 (1972), pp. 691 and 695.

² J. Galtung, A Structural Theory of Imperialism, in: *Journal of Peace Research*, No. 2, 1971.

³ Pierre Bairoch, *Le Tiers Monde dans l'Impasse* (Deadlock in the Third World), Paris 1971.

Sweezy and other authors who describe themselves as Marxists, as well as Amin in particular⁴), this interrelation between the centres explains the methods by means of which aggressive capitalism has brought about the stagnation, backwardness, restraint situations and other negative phenomena of the economies of the colonial territories. These authors however underrate or simply disregard the internal causes of underdevelopment. They ignore the fact that colonialism and imperialism "*sui modo*" existed in Africa, Asia and America long before the political and economic conquest of the overseas territories by the Europeans. They picture colonialism as the outcome of exclusively external, mainly European, forces⁵. Such a presentation of the problem is

⁴ S. Amin, *L'Afrique de l'Ouest Bloquée* (West Africa under Restraint), Paris 1971. See also the same author's article, Underdevelopment and Dependence in Black Africa, in: *Journal of Peace Research*, No. 2, 1972.

⁵ R. Bonnain-Moerdijk, *La Colonisation, Force Externe* (Colonisation — an External Force), in: *Revue "Tiers-Monde"*, Vol. XIII, No. 50 (1972), p. 409.