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The postcolonial vortex

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The Postcolonial Vortex

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CITYPERC Working Paper No. 2023-02

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The Postcolonial Vortex

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Abstract

The subject of this paper is the contemporary postcolonial condition. Its central argument is that this condition is one of perpetual entrapment in circular motion as any progression registered by postcolonial countries by participating in the global capitalist system as independent states is continually offset by a backward-pulling regression arising out of their subordinate position in that system. This entrapment in 'progression', to abbreviate the progression-regression nexus, is not in itself a new experience for postcolonial countries. What is new is the primary mechanism that perpetuates progression: where in the previous eras of colonialism and neo-colonialism that primary mechanism rested on the force of authority, in the current postcolonial era it rests on the force of gravity. It is testimony to the strength of this force that even those emerging capitalist countries that have never been the subject of external control in the colonial era are now also caught in the predicament of progression. However, the fact that the postcolonial countries have previous experience of progression makes their present experience going forward even more acute. It is as if their history is caught in an endless series of overlapping cycles, as each mode of progression on a higher plane of development is countered by a mode of regression on an equivalent plane of development. In short, it is as if their whole history is caught in a vortex.

1. Introduction

Recent decades have seen a growing consensus amongst postcolonial theorists that the postcolonial condition can only be understood in the context of capitalism's unfolding trajectory as an international economic system. Among the notable publications that have helped to promote this consensus are the Warwick Research Collective's *Combined and Uneven Development*, published in 2015, and Vivek Chibber's *Postcolonialism and the Spectre of Capital*, published in 2013. The particular strengths of these works are, firstly, the recognition that while postcolonial societies occupy the capitalist system as independent nation states they do so while being kept to the periphery of this system, and, secondly, that this peripheralization results not primarily from any exercise of power and authority from the countries at the core of the capitalist system, as was the case in the previous colonial and neo-colonial eras, so much as from the very fact of occupying the same international system as do the core capitalist countries. What is recognised in short, is that there is 'combined' development in that all countries bound together by capitalism move forward together while

there is 'uneven' development in that postcolonial countries experience maldevelopment or dependent development as distinct from the balanced development experienced by advanced capitalist countries. All of this said, what is missing in the work of these authors is any clear explanation of the new primary mechanism that perpetuates a core-periphery divide and an ensuing unevenness in contemporary capitalism. If the exercise of authority on the part of the core capitalist countries no longer serves as the primary mechanism, then what is it that has taken its place? The answer suggested here is that the power of authority has ceded primacy to the power of gravity.

The closing decades of the 20th century saw not only the globalisation of the capitalist system following the collapse of communism but also its financialisation following the growth of the world's financial securities markets to the extent where these now completely dominate the world's product markets¹. While there must be a limit to how far the financial securities markets can grow, the fact that they have now grown to a size out of all proportion to the world's material output base shows that investors have general confidence in the ability of securities to hold determinant quantities of value over time, and what underpins that confidence is the new array of standards for monitoring and controlling the prices of securities. It is in this latter context that the importance of gravity comes into view because in helping to solidify financial securities' ability to serve as value containers, the new pricing standards for securities have not only facilitated the scale growth of the financial markets but have also led to two further overlapping developments integral to that scale growth: namely, a substantial size disparity separating the financial markets hosted by the US and other advanced capitalist countries from those hosted by the emerging capitalist countries, and a consequent subjection of the countries with small financial markets to the gravitational pull of the countries with the large financial markets. This gravitational pull in turn explains why the uneven regional breakdown of the financial markets translates into an equally uneven distribution of the gains and losses to the member countries of the global capitalist system.

¹ In the most frequently cited definition of financialisation as given by Epstein: “financialization means the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies.” (Epstein (2005), p. 3). In Stockhammer's later and more succinct definition: "Financialisation summarises a broad set of changes in the relation between the 'financial' and 'real' sector, which give greater weight to financial actors or motives" (Stockhammer (2012) p. 121)

All countries that participate in this system register progression by being able to access the various material benefits offered by the system that are otherwise inaccessible through non-participation. However, the participant countries register two quite different modes of progression: a 'linear' mode in the case of the advanced capitalist countries in that their progression is further augmented by the gains they make from the simultaneous participation of the emerging capitalist countries in the global system and a 'circular' mode for the latter group of countries in that their progression is offset by the regression caused by the losses they incur due to the strong gravitational force exerted by the advanced capitalist countries. The salient point here regarding the 'circularity' of proregression, to abbreviate the progression-regression nexus, is that just as circular motion denotes a stationary position that results not from the absence of motion but from its very presence, i.e. motion that leads nowhere, so does proregression entail a particular type of stasis as the respective gains and losses from progression and regression cancel each other out: namely, 'dynamic stasis' as distinct from 'static stasis', stasis that results not from the absence of action, purpose or intentionality, but from the insuperable barriers and constraints that block the possibility of meaningful action, the realisation of purpose and intentionality².

It is a measure of the strength of the gravitational force exerted by the advanced capitalist countries that even those emerging capitalist countries that have never been the subject of external control in the colonial era, Russia being a case in point, are now caught in the predicament of circular motion caused by the offsetting gains and losses. If this observation begs the question as to what then is unique about the experience of the postcolonial countries that comprise the majority of today's emerging capitalist group of countries, the answer lies in their history. In the colonial era, the element of regression was paramount as the colonised countries were stripped of their independence and made subject to the coercive powers of the colonising countries, but, even then, there was still a small counteracting element of progression due to the colonised peoples' exposure to the various possibilities opened by capitalism's technological and industrial developments. In the neo-colonial era the element of progression was far more pronounced because of political independence and the reclamation of national sovereignty but, this said, the counteracting element of regression was still very much present because of the various discriminatory policies and actions of the governments

² For an early discussion of postcolonial 'proregression' and its ensuing consequence of circular motion and 'dynamic stasis' see Lysandrou and Lysandrou (2003)

and corporations based in the advanced capitalist countries aimed at keeping the newly decolonised peoples economically and industrially subordinate. When we come to the contemporary phase of postcolonialism that coincides with the collapse of communism in the 1990s, it seemed possible that the entry of the ex-communist countries into the global capitalist economy would finally put an end to its core-periphery divide. The fact that several of these countries were highly industrialised and had highly educated populations, combined with the fact that there was by now a greater global diffusion of knowledge intensive skills with the advent of the new communication technologies, made neo-colonial forms of control and division less effective than was previously the case. However, the harsh reality was that while the new century ushered in a more balanced global economy as viewed from an industrial-technological standpoint, it also ushered in an even more unbalanced global economy as viewed from a financial market standpoint with the consequence that a core-periphery divide persists albeit now propelled by a new set of dynamics. In sum, it is as though the whole history of the former colonised countries is one of entrapment in an endless series of overlapping cycles, as each mode of progression on a higher plane of development is countered by a mode of regression on an equivalent plane of development. Put another way, it is as if their whole history is trapped in a vortex through time.

The structure of this paper is as follows. Section 2 gives a brief account of the contribution of the Warwick Collective and Vivek Chibber to the theorisation of the postcolonial condition. Section 3 explains financialised global capitalism and the gravitational pull model of proregression. Section 4 puts the postcolonial experience of proregression and circular motion in historical perspective. Section 5 concludes.

2. Theorising the postcolonial condition: the Warwick Collective and Vivek Chibber

Although the process by which formerly colonised countries attained independence from colonial rule had begun in earlier historical periods and had finally gathered rapid momentum across Asia and Africa in the immediate post-World War 2 period, certain new developments in the general political-economic landscape necessitate a reconsideration of these countries' material condition in the contemporary era. Among the most important of these developments is the globalisation of capitalism and market exchange relations following the collapse of

communism in the 1990s³; the quantum leap in the rate of change of transportation and communication technologies that has meant that virtually all countries are now more closely tied together than ever before⁴; and the rapid growth of the world's financial securities markets to the point where these now completely dominate the world's material output base on which they rest. Thus, any theory of the current postcolonial condition must situate that condition in the context of a single, tightly integrated and heavily financialised global capitalist economy.

One theory that goes some way to meeting these criteria is the Warwick Collective's theory of 'combined and uneven development'. Tracing its origins back to Leon Trotsky⁵, the theory has recently been adapted by members of the Warwick Research Collective as an overarching framework for tracking colonialism's path as "part and parcel of a larger, enfolding historical dynamic, which is that of capitalism in its global trajectory", to quote Neil Lazarus, a prominent member of the Collective, (Lazarus, 2011, p7.) The theory has two major strengths. The first is its highly unusual analytical point of departure. Many branches of social science (mainstream economic theory being a prime example) take the individual nation as their unit of analysis and when broadening their focus to encompass the world as a social, political or economic totality, they typically treat this totality as essentially nothing other than an extrapolation of the relations between individual nations. By contrast, it is the

³ As is well known, Wallerstein dates the beginnings of the modern world system from the late fifteenth and early sixteenth century because, as he sates, that is when "there came into existence what we may call a European world-economy.. It is a world system, not because it encompasses the whole world, but because it is larger than juridically defined political unity. And it is a 'world-economy' because the basic linkage between the parts of the system is economic" (Wallerstein, 1974,p15). Our point here is that by the end of the 20th century the world economic system not only does encompass the whole world but now operates to the same market-based capitalist principles.

⁴ In his book of 1989, *The Condition of Postmodernity*, the social geographer David Harvey spoke of time/space compression as a result of new transportation technologies that have led to a shrinkage of the world; thus, as he pointed out, the world of the 1960s was about one fiftieth the size of the world of the 16th century because jet aircraft could then travel at about fifty times the speed of a sailing ship. The further point here is that time/space compression became even more pronounced from the late 1980s/early 1990s onwards the following tremendous advances in the information and communication technologies. For more detail on this point see e.g. Carnoy et.al. (1993).

⁵ The perceived strengths of the theory of combined and uneven development as first systematically developed by Trotsky have been such as to lead to its modern adaption in a number of areas of social, economic and political research. For an extensive review of these strengths see e.g. Christie and Degirmencioglu (2019)

world taken as a whole that is the unit of analysis in the theory of combined and uneven development. To again quote Lazarus: “the modern world is an integrated whole – integrated, though not, of course, uniformly or evenly developed – and that this understanding is fundamental to any adequate sociological or historical account of the capitalist era. So that the world as a whole must be taken as the appropriate unit of analysis, rather than, say, the nation alone..or such constructs as the ‘west’ or even the ‘third world” (ibid.p.37) The theory's second strength is its particular view of the continuing core-periphery divide in the world system. The fact that for most of the latter half of the 20th century the term 'neo-colonialism' rather than that of 'post-colonialism' was generally considered to be a more accurate way of describing that continuing divide indicated an assumption that its central motivational dynamic still rested on the exercise of control by the core countries: before de-colonisation that control could be exercised openly and with impunity while after de-colonisation it would be exercised covertly and often with some discretion, but what is assumed to have remained the same is that the countries at the core of the world system consciously exercised control over the peripheral countries so as to ensure that they remain pinned to the system's periphery. No such assumption is required in the theory of combined and uneven development in its modern incarnation. Rather, the central point of insisting that the world capitalist system today constitutes a single integrated system is to allow for the fact that the countries at its core can conduct all their activities solely in line with their own internal interests and priorities and the countries on its periphery would still be consigned to their subordinate position simply by virtue of occupying that same integrated system.

The major weakness of the Warwick Research Collective's theory is that it cannot provide a clear explanation of the new mechanisms that perpetuate the core-periphery divide in today's world. It certainly allows for a good description of the consequences of that divide as is well illustrated in these passages from their 2015 book: “capitalist development does not smooth away but rather produces unevenness, systematically and as a matter of course. Combined and uneven... Modernity is neither a chronological nor a geographical category. It is not something that happens –or even that happens *first* – in the ‘west’ and to which others can subsequently gain access... Capitalist modernisation entails development, yes; but this ‘development’ takes the forms also of the development of underdevelopment, of maldevelopment and dependent development.” (WReC, 2015,pp.12-13) However, the theory provides no equally good explanation as to why countries on the periphery of the capitalist world system continue to suffer from 'maldevelopment' or 'dependent development' even

while countries at the core of that system may pursue policies aimed exclusively at promoting their own balanced development. A similar deficiency characterises Vivek Chibber's book *Postcolonial Theory and the Spectre of Capitalism*. Although Chibber makes no explicit reference to the Warwick Research Collectives' theory of combined and uneven development, his book's central line of argument overlaps with the two core themes of that theory as applied to the postcolonial condition: first, that that condition can only be understood as part and parcel of capitalism in its global trajectory, and, second, that while former colonised countries occupy the global capitalist system as independent countries in their own right, they do so while being kept to a peripheral position within that system. Descriptions of this peripheralization and of its consequences are given at various points in Chibber's book, but at no point is there any in-depth discussion of its structural cause. Chibber is highly sceptical of those explanations that put postcolonial peripheralization down to the conscious exercise of power and authority on the part of the countries at the core of the global capitalist system, a scepticism indicated by the fact that he makes only one passing reference to the theory of 'neo-colonialism' in his book. However, he gives no clear alternative explanation as to how a core-periphery divide in contemporary global capitalism can be perpetuated in the absence of any conscious exercise of power and authority from the countries at its core.

This explanatory gap comes down to the fact that what is missing in the Warwick Research Collective's theory of combined and uneven development, as also in Chibber's work, is a recognition of any *homogenising* force in world capitalist development. All that is recognised is that the universal adherence to the logic of capitalist production is perfectly compatible with the persistence of different social landscapes in which that logic is adhered to. Neil Lazarus states that: "the universalism of capitalism does not erase difference, universalising categories do not presume a homogenous social landscape" (ibid. p.40). Chibber is even more categorical on this point: "Capitalism is anything but a purely homogenizing dynamic. The universalization of capital is perfectly compatible with the persistence of social, cultural, and political differentiation between East and West. Capital does not have to obliterate difference in order to universalise itself. It merely has to subordinate those drivers of social reproduction that are essential to its own functioning. These drivers are the ones directly involved in the production and distribution of use-values" (Chibber, 2013, 189). In our view this statement is both right and wrong. It is right in the sense that capitalism preserves heterogeneity as regards the *physical location* where the human capacities for production are

deployed. This is for the simple reason that the continuity of production presupposes that the people engaged in production inhabit a socially and politically stable environment, and such stability in turn presupposes that each community continues to be organised according to its own historically conditioned cultural values, traditions, and practices. Where Chibber's statement is wrong is that it ignores the crucial fact that capitalism promotes homogeneity as regards the *pricing standards* that necessarily constrain "the production and distribution of use-values".

In systems where production is primarily geared to self-subsistence and trade encompasses merely the surplus of production, products can be priced and exchanged on privately negotiated terms. But capitalism is essentially a system of commodity production for the market, and this means that products must be produced and exchanged against common pricing standards as sanctioned in the market. As markets merge so also must pricing standards merge to the point of being compatible with each other. What holds true at the national level, also holds true at the international level in that pricing standards at this level cannot be different and thus incompatible but must, on the contrary, be universally compatible if the international capitalist system is to function as a genuinely integrated operational totality. From this standpoint, the closing years of the 20th century marked a critical stage of development in that most of the world's material products had by then become subject to globally harmonised pricing standards following the collapse of communism and the closer integration of all capitalist economies made possible by the new transportation and information technologies. Thus, capitalism is in the end as much a homogenising dynamic as one that allows heterogeneity; the universalism of capitalism certainly preserves difference, but it also just as certainly erases difference as it relentlessly forces a convergence of pricing standards in the world's markets⁶.

Once one recognises that the continuing expansion of capitalism as a market-based system entails a corresponding expansion of the reach and scope of pricing standards, it is then but a short step to recognising that that there may come a point where their scope extends not only to the material outputs of human capacities but also to financial securities, claims on the

⁶ In an article published in 1993, Stephen Cohen pointed out that where in the early 1960's only 4% of US domestically produced were subject to international competition and hence internationally uniform pricing standards, that figure had risen to over 70% by the early 1990's (Cohen, 1993, p.38)

future outputs of capacities. That point was reached in the closing decades of the 20th century, a period that witnessed not only the globalisation of the capitalist system but also its financialisation as viewed from the standpoint of the scale growth of the world's financial securities markets. In 1980 the total nominal value of the world's outstanding securities stocks was about \$11 trillion, a figure roughly equal to that for nominal world GDP for that year. By 2000, the world's outstanding securities stocks had grown to about twice the size of world GDP, and by 2020 they had further grown to nearly three times the size of world GDP. There must come a limit to how far the securities markets can grow, but the fact that they have grown to a size out of all proportion to the world's output base without imploding attests to the confidence that investors have in the general ability of financial securities to hold their value over time. That confidence rests on the extent to which the behavioural standards and rules of conduct in the financial markets are now so tightly binding on borrowing organisations as to help to solidify the prices and hence the value storage capacities of the equity and debt securities that they issue⁷. The reason that such standards and rules were never as tightly imposed in previous eras is that household savers were then the predominant investors and, as small investors with no financial intermediary function, they had less power and motivation to force this imposition. It was only following the rise of asset managers such as pension funds and insurance companies to become the dominant investor group that the situation has changed radically, firstly, because of this group's need for large amounts of investable assets in which to store clients' monies and from which monies can be extracted to pay clients, and, secondly, because the exigencies of this groups' role as financial intermediaries that market investment portfolios to the public requires them to always hold

⁷ The point here is that as financial securities are nothing other than IOUs, promissory notes with no intrinsic value, it is only through their prices that they can acquire and maintain a quantitative value storage capacity. Given that securities' prices are in turn nothing other than the discounted value of expected future cash returns, it follows that if these prices are to remain solid enough to preserve a determinate quantity of value over time the cash returns must be made with a certain degree of consistency. It is to ensure this consistency that institutional investors insist that security issuing organisation comply with such tight behavioural standards as give primacy to the return of cash to them. When, in a recent publication, Simon Deakin posed the question as to why it is now "a widely taken view that company law underpins the norm or practice of shareholder primacy", his answer was that "it is not so much the result of the core content of company law, but rather the cumulative impact of changes in complementary regulation of corporate governance in recent decades. The relevant changes are mostly to be found in 'soft law' codes and standards, made by financial actors themselves, principally institutional shareholders, to which governments have ceded rule-making authority"(Deakin, 2018, p.26)

the bulk of these portfolios in the form of financial securities, assets that can best combine a quantitative value storage capacity with the properties of liquidity and tradability. It is here that we come to the new primary mechanism propelling the core-periphery divide in today's globalised capitalism because the conditions under which the prices and hence value storage capacities of financial securities have become sufficiently solidified as to allow for the continuing scale growth of the financial markets are the same conditions that explain why that propelling mechanism now rests less on the force of authority than on the force of gravity.

3. Financialised global capitalism and the gravitational pull model of proregression

Given that the dominant type of investors on the buy side of the financial markets are the large portfolio investors such as pension and mutual funds and insurance companies, and given that these investors hold securities on condition that there are reasonable guarantees of the cash returns necessary to sustaining their prices, it follows that for a country to be able to support a domestic financial market of any significant size it must have in addition to a large domestic production base a strong domestic legal and governance infrastructure. Several advanced capitalist economies, and most notably the US, meet this combination of criteria while none of the emerging capitalist economies do the same. Many of these are simply too small in production and trade terms but those that do have large domestic production bases nevertheless continue to have comparatively small domestic financial markets largely, if not exclusively, because of comparatively weak domestic legal and governance systems. Thus, of the total global financial securities stocks of \$234 trillion outstanding at end 2020, all the emerging capitalist economies accounted for just 15% of this total as compared with the 85% share of the advanced capitalist economies, with nearly half of this amount at 40% being contributed by the US on its own⁸. Translated into currency terms, the only currency areas with a sufficient financial market size as to be able to come anywhere near matching the size of the US dollar market are the euro, the yen, and the pound sterling areas while most of the other currency areas shrink to fragments by comparison. The negative consequences of these substantial financial market size disparities are equally substantial because the same financial standards that help to explain these size disparities are also those that explain why the great

⁸ SIFMA (2021)

majority of emerging capitalist economies are held subject to the gravitational pull of the US dollar.

The crux of the matter is the remarkable transformation undergone by equity and debt securities on the back of the array of legal and governance constraints that are now tightly binding on the security issuing organisations. In the absence of these latter constraints, the promises made by security issuers of returning cash are always in danger of remaining just promises, fictitious entities, but, with the systematic imposition of these constraints, securities are transformed from mere promissory notes into genuinely safe stores of value. From being particles without matter, they become particles filled with matter, and what this means is that when all the securities of a country's organisations are aggregated together, this aggregation gives that country's financial markets mass and a corresponding power of attraction for institutional portfolio investors: the greater the mass, the greater the power of attraction, and nowhere is this power greater than that exerted today by the US' securities markets. It is this fact that the US' equity and bond markets are large not only in absolute terms but also in relative terms in that most other financial markets shrink to the size of fragments in comparison to those of the US that explains the unequal distribution of the gains and losses resulting from cross-border portfolio investments, with the US reaping most of the gains and many other countries, notably the emerging capitalist countries, incurring most of the losses.

These gains and losses basically take on two forms, one pecuniary-related and the other policy-related. The source of the pecuniary-related form is the correlation between the risks on securities and the corresponding yield premiums that must be factored into their prices: the higher the risks, the higher the yield premiums. To illustrate the point, consider the US securities markets. These are by far the largest and deepest in the world, and as such they are highly attractive to foreign investors in that not only is there an abundance of securities in which to store their funds, but also a wide choice range of different security classes across which they can move funds according to economic circumstances. However, these advantages to foreign investors must be paid for in the sense that they will on average earn comparatively low returns on their dollar assets. Thus, for example, they will earn no currency risk premium (due to the range of choice of US asset classes across which investments can be moved according to any change in economic conditions without being subject to exchange rate frictions); low credit risk premiums (due to the general strength and reputation of the US legal and governance infrastructure); low liquidity risk premiums (due to

the depth of the US securities markets and hence the ease of trading with minimal price impact); and a low sovereign risk premium (due to the scale of US domestic economic activity and hence the corresponding government power of taxation). By contrast, foreign investors can on average earn comparatively high returns on investments in countries that host small local currency-denominated securities markets because in these cases there will be currency risk premiums (any cross-security flows generated by any change in economic conditions will also typically take on a cross-currency dimension), high credit risk premiums (that may reflect a weak legal and governance infrastructure as much as a small domestic production base for local corporations), and high sovereign risk premiums (reflective of small domestic tax bases whose smallness may again be the result of a small domestic economy as also of a weak legal infrastructure). It is testimony to just how wide is the gap separating the yields paid out on US securities and the yields paid out on foreign securities that, year in and year out, the US extracts far greater sums of monies from foreign countries than it pays out even while the total amounts of foreign investments in US securities are far greater than the total amounts of US holdings of foreign securities⁹.

The source of the policy-related form of the gains and losses resulting from cross-border portfolio flows lies in the correlation between security market size and the extent to which exchange rate volatility is factored into the conduct of monetary policy. Let us again start with the US that has the largest security markets. Any fluctuation in the dollar's international value will have a differential economic impact on the US's exporting and importing firms, an impact that then sets in train portfolio investment shifts across US financial securities with monies flowing into the securities of firms that have benefitted from the dollar's fluctuation and out of the securities of firms that have been adversely affected. As these investment shifts occur within the same dollar-denominated mass of securities they do not further aggravate the fluctuation in the dollar's value thus limiting its negative effects on the underlying real economy. It is this fact that the large mass of financial securities behind the US dollar acts as a currency shock-absorber that explains why the US monetary authorities can treat the dollar's international value with 'benign neglect', a fact which in turn explains why they can conduct their domestic monetary policy without reference to the monetary policy of any other country. By contrast, everything is reversed in countries with small securities markets. Any

⁹ See e.g. Forbes (2010) and Darvas and Huttli (2017),

investment shifts across securities triggered by the impact of any exchange rate change on exporting or importing firms will likely also take the form of cross-currency shifts that will in turn amplify the initial exchange rate change and hence its effects on the underlying real economy. Thus, policy makers in countries with small securities markets, the very smallness of which can cause them to be currency shock amplifiers, do not have the luxury of treating their currencies' international value with benign neglect. On the contrary, that value must be fixed against the currency most heavily used in an international role, namely, the dollar, which not only means that policy makers must keep an eye on US monetary policy but also that substantial dollar reserves be held for currency market intervention purposes.

The conclusion that falls out of the above discussion is that if equities and bonds are the solid matter of the financial markets through which the emerging capitalist countries with small markets are held subject to the gravitational pull of the large US dollar market, the pecuniary and policy related consequences of that gravitational pull are such as to have the reverse effect of further compounding those financial market size asymmetries. Foreign portfolio investors and foreign central banks are drawn to the US' corporate and government securities markets because these are the world's largest and deepest, but in being so drawn to these markets they then contribute to their further growth in size and depth, thus contributing to the ease with which the US' corporations and federal government can issue substantially more securities before coming up against repayment constraints. Thus, the large mass of dollar securities continually begets an even greater mass as foreign investors are continually willing to trade low returns on their dollar assets off against the various benefits accruing from these assets thereby enabling the US to continually issue increasing amounts of securities on an affordable basis. By contrast, a small mass of local currency denominated securities produced by a country perpetuates continuing smallness as foreign investors holding these securities demand such high returns as compensation for the various risks attaching to them as will seriously constrain the amounts of securities that can be safely issued by the country's organisations. In sum, international portfolio flows serve not only as the medium through which the large dollar financial market controls small emerging economy financial markets through its gravitational pull but also as the medium that ensures that the respective sizes of these markets and hence the respective positions of controller and controlled lock together in a mutually reinforcing dynamic.

This conclusion should not be taken to suggest that the US and other advanced capitalist countries at the core of the global capitalist system never consciously use discriminatory actions or policies underpinned by their core position to their material advantage. The point, rather, is that the conscious use of the power of authority is now secondary to the power of gravity exerted by the sheer size of the advanced capitalist countries' financial markets. Were this not so, it would be inconceivable for a large country like Russia, once the centre of its own empire and very advanced in military technology and in various other areas of science to now be consigned to a subordinate peripheral position in the global capitalist system. On the contrary, for all its technological and military prowess, it is because its domestic financial markets remain so small and underdeveloped, principally because its domestic legal and governance infrastructures remain so comparatively weak, that explains why, together with other former communist countries, it remains entrapped in proregression and circular motion as any gains it makes from participating in the global capitalist economy are countered by the losses resulting from the simultaneous participation of the advanced capitalist countries in that same economy. This proposition of course returns us to the question as to what is distinctive about the postcolonial condition of entrapment in proregression given that the countries caught in this predicament now include some that have never been subject to European colonial rule¹⁰. To answer this question, we first set the history of former colonised peoples in the wider context of the history of capitalism as a commodity-based system.

4. The postcolonial experience of proregression in historical perspective

¹⁰ It is interesting to note that this is a question that is not adequately addressed by Neil Lazarus because he refuses to include the post-communist countries in postcolonial scholarship on the grounds that colonialism "as an historical process involved the forced integration of hitherto uncivilised societies, or societies in which the capitalist mode of production was not hegemonic, into a capitalist world system" (Lazarus, 2012, p.120). To us, it seems that this proposition contradicts Lazarus' and the Warwick Research Collective's overarching premise that today's world constitutes a single, integrated totality that operates to the same market-based capitalist principles and thus that one must take this world as the unit of analysis when studying the contemporary postcolonial reality. A further point is that by excluding post-communist countries from this single world totality, this not only undermines the principle but also weakens the ability to put postcolonial reality into proper perspective because of the absence of post-communist reality as a comparative benchmark. A similar point was made by Monika Albrecht who argued "that other systems of colonialism or imperialism deprives post-colonial studies of the opportunity to compare, for instance, colonial practices, or forms of resistance to them, in a way that may considerably differ from comparisons *within* the familiar areas of the postcolonial map" (Albrecht, 2020, p4)

Throughout history there have been two fundamentally distinct principles governing the organisation of societies: the associative principle that allows for relations between people to be maintained on a direct, face to face basis and the commodity principle that allows for relations between people to be maintained on an impersonal, arms-length basis through the intermediary medium of the market. Although these organisational principles have coexisted side by side for much of human history, their ranking in order of priority and dominance has differed at different stages of this history. Thus, the associative principle had primacy all through the systems of slavery and feudalism and into the early pre-industrial capitalist stage of development down to the mid-18th century while over all this time the commodity principle had a sporadic existence as a marginal organisational principle. With the advent of industrial capitalism and the consequent expansion of the commodity principle to encompass the capacities for production in addition to their material outputs, that principle penetrated the interior of certain societies thus becoming their primary organisational principle. These capitalist societies that largely operated in accordance with the commodity principle remained the world's minority for the two hundred years between the 1750s and the 1950s when they started to grow in number following the collapse of colonialism in this decade before then finally becoming the world's majority following the collapse of communism in the 1990s. In sum, where down to about 1750 the associative principle had everywhere primacy over the commodity principle, from about 2000 onwards the situation has been reversed.

Now when we view the different stages of the control exercised by one group of countries over another from the standpoint of the interplay between the associative and commodity principles, we find that these stages alternate between those where a congruence between these principles is preserved in the exercise of external control and those where there is instead an incongruence. Thus, in the period between about 1500, when the Spanish and Portuguese began to colonise large parts of the Americas, and 1750, the associative principle characterising the external forms of colonial control was entirely congruent with the associative principle characterising the internal socio-economic structures of the colonising powers. By contrast, between the 1750s, when the northern European countries such as Britain, France and the Netherlands began to rapidly expand their overseas colonial empires, and the 1950s, the associative principle characterising these countries' external forms of colonial control was palpably incongruent with the commodity principle characterising their internal socio-economic structures. A congruence between the organisational principles

governing both the internal structures of the countries exercising external control and the form of that external control is only again established from the late-1990s onwards following the geographical expansion of the commodity principle to encompass the entire globe and its categorical expansion to encompass financial securities in addition to material products. If this proposition raises the question as to how to characterise the forty year period spanning 1960 to 2000 from the standpoint of the associative and commodity principles as rival organisational principles, the answer is that this period very much represents an interregnum, an in-between phase of development, in that neither of these principles is the dominant principle underpinning the exercise of external control, the associative principle having lost its previous position of primacy and the commodity principle yet to fully assume that position.

Given that it was during this interregnum period that postcolonial theory became established as a systematic field of enquiry (the usual date is given as 1978, the year of publication of Edward Said's *Orientalism*)¹¹ it was inevitable that the confusions and uncertainties then current would manifest not only in the differing positions taken by postcolonial theorists as to whether the postcolonial condition should or should not be set in the broader context of capitalism's trajectory but also in the very way that these positions were formulated. Thus, those theorists who took an affirmative standpoint on this issue typically concluded that 'neo-colonialism' rather than postcolonialism was the more accurate description of the former colonised countries' material condition considering that their newly won political independence did not make them immune to certain external pressures that circumscribed their freedom of action and kept them pinned to capitalism's periphery. Insofar as these external pressures in the interregnum period necessarily involved a greater reliance on the exercise of authority on the part of advanced countries' institutions than subsequently became the case (the discriminatory trade policies of the governments of these countries and the skewed low-skilled and low-valued nature of their multinational corporations' foreign direct investments being two notable examples) one has to concede that 'neo-colonialism' was indeed a term that was purpose fit for that period¹². This said, the problem that faced the

¹¹ As Patrick Williams and Laura Chrisman put it " It is perhaps no exaggeration to say that Edward Said's *Orientalism*, published in 1978, single-handedly inaugurates a new area of academic discourse: colonial discourse' (Williams and Chrisman, 1994,p.5)

¹² The choice of the term 'neo-colonialism' to indicate the continued economic dependence of politically independent countries was made clear at the Third All-African People's Conference held in

postcolonial theorists that took this view was how to square the use of the term 'neo-colonialism' with the term 'postcolonialism'. The solution found was to deploy the latter term to signify an oppositional stance to a continuing process of colonial domination, mounted through literary writing and critical practices, while reserving the former term to signify that material process itself.¹³

Of those groups of postcolonial theorists that, on the contrary, refused to situate postcolonialism in the context of capitalism's unfolding development as an international system, the most influential was that which drew its guiding inspiration from the French post-structuralist school of thought. Consistent with this school's central tenet that the complexities of human society preclude the possibility of any single universalising trend in history, theorists such as Edward Said, Gayatri Spivak and Homi Bhabha¹⁴ opposed enclosing the postcolonial condition in the development of capitalism because they opposed the very idea that this condition could be enclosed in any one determinant socio-economic formation, whether this be capitalism or otherwise¹⁵. Whatever the academic roots of this post-structuralist turn in postcolonial studies in its early phase of development from the late 1970s

Cairo in 1961: "This Conference considers that neo-colonialism, which is the survival of the colonial system in spite of formal recognition of political independence ...is the greatest threat to African countries that have newly won independence". *Voice of Africa* (1961:4), April, 1-4

¹³ As Kenneth Parker put it: "if it is well-nigh impossible to sustain the proposition that the 'post'; in postcolonialism is a temporal one near the end of a millennium while global neo-colonialisms are rampant, we are reduced to the conclusion that that prefix is restricted to discursive practices"(Parker, 1995, p.20.) And, to quote from Ashcroft, Griffiths and Tiffin's earlier popular postcolonial studies reader of 1989: "Post-colonialism as we define it does not mean 'post-independence' or 'after colonialism', for this would be to falsely ascribe an end to the colonial process....it is the discourse of oppositionality which colonialism brings into being" (Ashcroft.et.al. 1989, p.117).

¹⁴ As Aijaz Ahmad put it: "we may recall also that ..Edward Said, Gayatri Spivak and Homi Bhabha ..derive their respective inspirations, if not their wholesale methodologies from three quite distinct but more or less influential tendencies in French poststructuralism: Foucauldian Discourse Analysis, Derridean deconstruction and Lacanian psychoanalysis" (1997,p.367)

¹⁵ The following passage from Bhabha's *The Location of Culture* provides a good representation of this position: "The postcolonial perspective resists the attempt at holistic forms of social explanation. It forces a recognition of the more complex cultural and political boundaries that exist on the cusp these often opposed political spheres. It is from this hybrid location of cultural value - the transnational as the translational - that the postcolonial intellectual attempts to elaborate a historical and literary project. My growing conviction has been that the encounters and negotiations of differential meanings and values within 'colonial textuality', its governmental discourses and cultural practices, have anticipated, *avant la lettre*, many of the problematics of signification and judgement that have become current in contemporary theory - aporia, ambivalence, indeterminacy, the question of discursive closure, the threat to agency, the status of intentionality, the challenge to 'totalizing' concepts, to name but a few" (Bhabha, 1994,p.173) .

through to the 1990s (Neil Lazarus has argued that these roots had much to do "with the fact that 'postcolonial studies' emerged initially as intervention in the *literary* field rather than in the social sciences", Lazarus, 2011, p.7) there can be little question that the ontological backdrop of the time was highly conducive to this post-structuralist turn. Recall that this was a time when international capitalism appeared to be in deep crisis (as manifested, for example, in the collapse of the Bretton Woods gold-dollar standard, the US' defeat in the Vietnam war, and the oil price rise-induced rampant inflations) and when communism was still perceived to offer a genuinely viable alternative to capitalism (a perception strengthened by the Cuban revolution) thus offering newly de-colonised countries a choice of either aligning themselves with one or other of these alternatives or of following their own independent, third way path. Now if the world socio-economic order is not characterised by a single order but by several competing orders, it is then entirely understandable why a philosophical outlook that denies any totalizing vision or grand narrative of history should have traction.

The same confusions and uncertainties over the world economy's direction that characterised the 1960-2000 interregnum also provided the ontological backdrop to the popularity of the subaltern studies group of postcolonial theorists in this period¹⁶. In this group's case, the opposition to situating the postcolonial process in the unfolding development of capitalism was motivated less by opposition to the idea that there can be any universalising trend in theory than by the belief that capitalism can never represent such a trend in practice. Central to this belief was the argument that capitalism can only become everywhere the dominant socio-economic formation on condition that there is everywhere in place the requisite array of agencies, institutions and cultural practices that allows for this domination, and this condition can never be met because of the insuperable power of each country or region's historically conditioned heritage. In short, the belief was that for capitalism to universalise itself it must erase difference, and this can never happen. The truth of the matter is that capitalism does not have to erase difference to universalise itself because, to again quote Vivek Chibber: " The universalization of capital is perfectly compatible with the persistence of social, cultural, and political differentiation between East and West". While Chibber's powerful critique of the subaltern studies branch of postcolonial theory accurately pinpointed the central flaw in its

¹⁶ See e.g. Chatterjee, 1986; Chakrabarty, 2000.

opposition to the universalisation of capitalism, the fact remains that by the time he came to deliver his critique the influence of that branch, along with that of the post-structuralist one, had already begun to decline rapidly in the face of the seismic changes in in the global socio-economic landscape that had occurred around the start of the 21st century¹⁷.

These seismic changes have served to establish clarity regarding the global contextualisation of the material postcolonial condition and consistency regarding the mechanisms that sustain this condition. There is *clarity* in that the collapse of communism and the ensuing globalisation of the commodity exchange principle has finally put to rest any continuing doubt or questioning of the fact that postcolonialism is indeed "part and parcel of capitalism's global trajectory". There is *consistency* in that the organisational principle that underpins the chief pressure by means of which postcolonial countries are kept pinned to global capitalism's periphery is congruent with the internal organisational principle of the countries at capitalism's core. Certain discriminatory actions on the part of these countries' governments and corporations that are reminiscent of neo-colonialism continue to persist, but following the extension of the commodity principle to encompass financial securities and the corresponding scale growth of the markets for these securities, the impersonal force of gravity has displaced the personal exercise of force as the primary source of the pressures that perpetuate the global core-periphery divide in the contemporary era. Those pressures are now so powerful that even Russia, once the exemplar of communism and the centre of its own empire, is now firmly pinned on capitalism's periphery. In common with former colonised countries, Russia's entry into the capitalist world system means that it can register rates of material progression not otherwise available as long as it remained outside of that system, but, also in common with former colonised countries, the smallness of the size of its domestic financial markets means that it also experiences the negative effects of regression caused by its inability to prevent the net gains that its entry in to capitalist system confers on the countries at the core of the system. In short, in common with all the postcolonial emerging capitalist

¹⁷ It is testimony to the central importance of the post-structuralist branch of postcolonial studies throughout the two decades spanning the late 1970s to the late 1990s (Robert Young, for example, went so far as to state that "Said, Bhabha and Spivak constitute the Holy Trinity of colonial-discourse analysis, and have to be acknowledged as central to the field" (Young, 1995, p.163)), that when its influence finally began to decline it was enough to prompt suggestion that perhaps we are witnessing "The End Of Postcolonial Theory" (Yaeger, 2007)

countries, the post-communist Russian and other East European emerging capitalist countries are henceforth entrapped in proregression.

The irony in this latter fact that countries now trapped in proregression on global capitalism's periphery include some that have not been previously subject to colonial control is that it is precisely their inclusion that has thrown into bold relief the reason why it is in postcolonialism that that predicament and its ensuing dilemmas find their purest, because most complete, realisation. We have said that a core-periphery divide in capitalism always entails two different modes of progression, a linear mode in the case of the core capitalist countries as gains are not offset by losses and a circular mode for countries on capitalisms' periphery for which gains and losses are mutually cancelling but where this mutual cancellation results not from the absence of action but from the constraints that block the possibility of meaningful action. Proceeding from this standpoint that it is the conjunction of action and blocked action, of intended purpose and the impossibility of its realisation, that is the inner mainspring of the proregressive condition in which countries on capitalism's periphery always find themselves, we find that capitalism's early colonial era set the template of what was to come. The negative charge of loss and regression was then the more overt characteristic of colonised people's predicament given their total subjection to the authority of the European colonising powers, but there was a small counter-acting positive charge because these peoples' exposure to the advantages offered by capitalist modernity stoked hopes of being able to realise those advantages on their own terms when they gained independence. In capitalism's neo-colonial era, we find that proregression and circular motion now have more substance in that progression for the former colonised countries changes from something that was previously notional in theory into something that has now been realised in practice, while their regression continues apace given that their formal equality with the core capitalist countries in the political sphere did not translate into the economic and industrial spheres. With the advent of the contemporary phase of postcolonialism that coincides with the collapse of communism in the 1990s, it finally seemed possible that the entry of the ex-communist countries into the global capitalist economy would finally put an end to its core-periphery divide as the industrial profile of these countries appeared to render neo-colonial types of control and division less effective than was previously the case. The harsh reality was just as the new millennium ushered in more equally balanced relations in the global economy as viewed from an industrial-technological standpoint, it also ushered in an even greater scale of economic inequality as viewed from a financial standpoint. Unlike in

previous eras, it was now no longer enough for a former colonised country to move up the industrial-technological ladder to escape its position on capitalism's periphery, for whatever it does on this front, and is attested by the examples of such large countries as China. and India, it will remain pinned to that periphery unless it can expand its domestic financial markets to a large enough scale as to allow it to resist the gravitational pull of the advanced capitalist countries' financial markets.

Thus, in the end, the tragedy of postcolonialism lies in this fact that, through all the successive stages of capitalism's unfolding development as an international system based on the commodity exchange principle, the former colonised countries have never able to move away from capitalisms' periphery and gain equal footing with the countries at capitalism's centre because the criteria for achieving this objective have kept shifting in line with each successive stage of capitalism's development. In other words, the tragedy of postcolonial countries lies in the deep sense of frustration and despair felt at the futility of it all: at the futility of always trying to reach the same targets as have the core capitalist countries only to find those targets beyond reach; of always trying to move to capitalism's centre only to find themselves always moving back to its periphery; of always trying to escape the domination of the core capitalist countries only to find that domination reimposed in new forms. In sum, it is as if postcolonial peoples' whole history is one of entrapment in an endless series of overlapping cycles, as each mode of progression on a higher plane of development is countered by a mode of regression on an equivalent plane of development. Put another way, it is as if these peoples' history is caught in a vortex, frozen in an eternal present as their transition to the future threatens to bring no fundamental change to their peripheral position and status in the world just as their past transition from colonialism equally failed to bring about any such fundamental change.

5. Conclusion

If this bleak conclusion begs the question as to what can done be to resolve the postcolonial condition, the answer is that there can never be any resolution short of the establishment of direct, co-ordinated control over the contemporary global capitalist system. As things stand, the only direct lines of control are at the individual country level. While the world's national

governments can regulate and control many areas of social and economic activity within their territorial borders, they have no control over the operation of the global capitalist system in its current construction as a single, globally integrated entity. This is not to say that there are no international bodies that have some responsibility for its operation, but, as is typified by the activities of the World Bank and the World Trade Organisation in the areas of international trade and investments or by the activities of the Bank for International Settlements and the International Monetary Fund in the areas of international banking and finance, this responsibility has more to do with ensuring the uninterrupted operation of the global capitalist system rather than with any attempt to intervene in that system so as to correct or compensate for any of its deep structural inequalities and imbalances.

By way of making the case for corrective intervention, consider a simple analogy drawn from the world of boxing. In all this sport's seventeen separate weight divisions, from the heavyweight all the way down to the minimumweight, the same rules of engagement apply. Absent these separate weight divisions, however, and an undifferentiated application of the same boxing rules would give the heavyweight boxers unfair advantage over the middleweight boxers and so on. It is precisely this type of unfairness that characterises the current global capitalist system in that it has no internal separate divisional barriers. It is because the same international rules and standards apply to all two hundred or so of its participant countries that the global capitalist system can function as a single operational totality, but it is precisely because it functions as a single *undifferentiated* totality that these same rules and standards endow the advanced capitalist countries with enormous advantages at the expense of the postcolonial countries and the other emerging capitalist countries. There will be no change to this situation unless and until new international bodies armed with the appropriate redistributive powers are established. What exact form these bodies should take, and what redistributive powers they should have, are subjects of another paper. The central purpose here has been to give theoretical and empirical support for these initiatives.

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