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TOWARDS A NEW STRUCTURAL CRISIS ON THE  
CAPITALIST SYSTEM ?

by

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TOWARDS A NEW STRUCTURAL CRISIS OF THE  
CAPITALIST SYSTEM?

1. THE PREVIOUS STRUCTURAL CRISES AND HOW THEY WERE SUR-  
MOUNTED

The capitalist mode of production is characterized by an inherent contradiction: the contradiction between the ever growing social nature of the productive forces and the persistently narrow nature of production relations. This contradiction appeared from the beginning, so it does not imply an impending "final breakdown". It has been surmounted for at least a century both by the expansion of the capitalist system and the renewal of its accumulation model. Marx reminds us that the capitalist mode is compelled to revolutionize production continually, it is therefore also compelled to revolutionize production relations continually so as to adapt them to the requirements of the continuous development of the productive forces. The history of capitalism is therefore necessarily that of the process of adjustment of production relations to the requirements of the progress of productive forces.

It is not a continuous history. It alternates between phases of expansion and phases of "structural crisis". In this way, it seems that we can clearly distinguish four phases of expansion: 1815 - 40, 1850 - 70, 1890 - 1914, 1948 - 67 and four phases of structural crisis 1840 - 50, 1870 - 90, 1914 - 48 and the period after 1967.

Every phase of expansion is characterized by a particular accumulation model, a type of propelling industries, a specific context defining the methods of competition and the status of the firm etc. Generally speaking each phase corresponds to a certain stage of geographical expansion of the capitalist system, to a particular organization of international specialization in this context and more specifically to a distribution of the functions of its centre and its

periphery, and finally to a certain balance (or imbalance) between the various central nation-States. We must add that these conditions together determine the type of class alliances which corresponds to the accumulation model and thereby the context of the class struggle and political life, as they also determine the reproduction model of the bourgeoisie, a necessary complement of that of capital reproduction (see later).

It will also be noted that from 1914 on one may speak of the decline of the system, and we will specify the nature and functioning of this both in the 1914-48 restructuration phase and in that of the subsequent phase of expansion 1948-67.

On the other hand, every phase of structural crisis constitutes a phase of "maladjustments and readjustments" (an apt expression used by Frank), in the transition from one accumulation model to another. The crisis implies a slowing down of growth and a sharpening of the class struggle.

The first phase of expansion (1815-40) marked the end of the Industrial Revolution which had begun in the last third of the 18th century, i.e. it came after the wars of the Revolution and the Empire (1791-1815). The Industrial Revolution was based on the steam engine and the weaving loom. Its area of expansion was still practically limited to England, Belgium and the North Eastern quarter of France. The accumulation model was still to a great extent based on competition though which industry expanded to the detriment of handicrafts, while there was no keen competition among industries. Industry was still a strictly family enterprise producing for a local or a regional market; therefore, the confrontations with other industries of the same branch were limited. This accumulation model assigned a lesser rôle to the periphery which had fulfilled decisive functions in the

period prior to mercantilism.<sup>1/</sup> The periphery was nevertheless still important but henceforth as a supplier of raw materials, mainly American and Indian cotton, and as a buyer of part of the new industrial product - cotton prints.

At this first stage of the development of capitalism in its mature form, the emergence and the expansion of the capitalist mode of production depended on the class alliances of the new industrial bourgeoisie with the land owning classes. These alliances took various forms, that of an alliance with the renovated large agrarian estates in England, that of an alliance with the peasant landowners resulting from the Revolution in France. Readers may consult on this issue our work on the relations between capitalism and agriculture.<sup>2/</sup>

Of course the long process which preceded the Industrial Revolution and its starting point took varied forms in England, in France and in other European countries. Well before the English "Glorious Revolution" of 1688 and the French Revolution of 1789, the process of deterioration of the feudal relations of production, that of the constitution and development of mercantile capitalism, first in the Mediterranean region from the 13th to the 16th century, then in the Atlantic region from the 17th century, began preparing the ground for capitalism. It seems natural that under these conditions, the industrial revolution did not occur simultaneously in England, France, North America and on the rest of the European continent. It is therefore difficult to consider that the first phase of the expansion of capitalism was simultaneous. The industrial revolution which began in the middle of the

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<sup>1/</sup> Frank, and Amin : "Le développement inégal".

<sup>2/</sup> Samir Amin: La rente foncière et le capitalisme.

18th century ended in England before 1815, specifically during the wars of 1790-1815 as Frank observed, while it only really developed in France, and sporadically in Germany and northern Italy, between 1810 and 1840.

In any case, this process of expansion came to a halt in Western Europe (west of the Elbe, north of the Pyrenees and of the region of Florence) from the 1840s. The structural crisis culminated in the economic and political crisis of 1848. The forties witnessed the birth of the workers' movement (the English Chartism) in 1848, the Communist Manifesto announced the birth of Marxism. The evolutionary attempts in this period, however, proved a failure: the French workers' movement was crushed by the armies of peasant mercenaries mobilized by the bourgeoisie to this end, the confused movements led by the bourgeoisie and petty bourgeoisie of the less advanced regions of Germany and Italy were temporarily crushed but they began the unification process of these two nations.

The second phase of expansion of capitalism (1850-70) was based on the railway and the steel industry. The development of the productive forces necessarily led to the beginning of a socialization of production relations through arrangements for the association of individual owners of capital. It is true that these arrangements were known in the mercantilist era, but the limited liability company, the "société anonyme", reflect the accentuation of the inherent contradiction of the production mode and the solution to this contradiction in the context of capitalist relations. The railway extended the area of capitalist expansion. The unification of Germany and that of Italy were completed in this phase, Russia the Austro-Hungarian Empire and Spain were integrated in the new European capitalist market. The abolition of serfdom in Russia (1861) accelerated the process of transformation of the old precapitalist Russian agriculture into a capitalist

export agriculture. The definitive frontiers of the United States were established and the Civil War (1860-65) consolidated the pre-dominance of capital in North America.

The international balance was altered. In place of the pre-dominance of two Atlantic monarchies, England and France, in the West and of two decaying empires (Russia and Austria-Hungary) in the East, there was substituted a seven-fold balance: 4 advanced central capitalist nations (England, France, Germany and the United States), one semi-backward country (Italy) and two empires, multinational and backward but integrated into the new capitalist system (Russia, Austria-Hungary).

The functions of the periphery in this phase declined in terms of relative importance. The periphery certainly continued to supply cotton, but the new propelling industry, that of steel, obtained its raw materials from the centre itself.

This accumulation model came to an end by the 1870. The crisis began by the sharpening of the class struggle marked by the premature Paris Commune. It was surmounted by the superseding of the laissez faire policy of the fifties to the seventies (the only real period of capitalist liberalism), by the constitution of monopolies and by imperialist expansion. Electricity opened up new fields for industrial modernization, and shipping gave to the market its true world dimension. This phase of expansion of capitalism at world level again attributed essential functions to the periphery: on the one hand the periphery supplied raw materials and agricultural produce, imported capital for the creation of infrastructures and bought manufactured products made necessary by the destruction of its handicrafts and the subjection of its agriculture to capital, but on the other hand, beyond these exchanges and these capital flows, there arose unequal exchange, that is

the unequal remuneration of the labour power crystallized in world goods.<sup>1/</sup>

The unequal international specialization and the constitution of the contemporary periphery in these forms facilitated the swing of the European workers' movement towards revisionism, and the domination of the class as a whole by the labour aristocracy - in a word the social democracy of the 2nd International - and, at the same time, helped to reduce Marxism to an "economistic positivism" which showed that the working class was being imbued with the ideology of the dominant class.

International life was still characterized by the relative balance of the four major powers (the United States, Germany, England and France); and even the four backward or young powers (Italy, Japan, Russia and Austria-Hungary) had an important place. From this unstable equilibrium, from the clash of imperialisms in the scramble for the periphery, from the imperial neo-protectionism, and the resulting coalitions, sprang the first world conflict which inaugurated the period of the decline of capitalism.

With hindsight, we are now tempted to see this relatively long period (1914-1918) as being one single period of structural crisis. The propelling industries between the two world wars were the same as they had been before 1914, the accumulation model was more or less the same and so were the methods of monopolistic competition. However, as it went on, the crisis entailed profound changes in the international system. Europe was weakened by the first world war to the advantage of the United States. The second world war finally ensured the triumph

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1/ Samir Amin - L'Echange inégal et la loi de la valeur.

of North America. The period between these two world wars was not really a phase of autonomous expansion : the short boom which followed the reconstructions and the inflations of the first half of the twenties ended in a catastrophe in 1929, and the production level in 1938 was barely that of 1913.

One of the characteristics of this long phase of crisis was the redoubling of the class struggle in the centre and its extension to the world level through the nationalist, anti-imperialist movement. Between the precursory signs - (the Russian 1905) and the October revolution, the first breach in the capitalist system, there were only twelve years. Between 1917 and the beginning of the Chinese civil war which ensued in 1950 with the first triumph of socialism at the periphery of the system, there were only 10 years. Elsewhere, however, the revolution was crushed, under the weight of the reformist social democracy. But the radical criticism of the reduction of Marxism to positivist economism was still incomplete and Leninist bolshevism maintained some aspects of it, aspects which will appear later, when we shall see later the reason for the failure of the "popular front" attempts and the social significance of the fascism of the period.

The phase of expansion which opened in 1948 and ended 20 years later by the international monetary crisis, the French May and the "creeping Italian May" presented very particular features. The propelling industries of this period which witnessed a high growth of the world economy, a growth which even surpassed that of the exceptional period 1890-1914 and contrasted with the near stagnation of 1914-18, were industries producing durable goods, particularly the motor car, and the "functional" urbanization accompanying it. The development of these industries began in the inter world war period and the model of accumulation which they condition took a definitive form in the United States during the second world war. The expansion which took place between 1948 and 1967 brought nothing new: it was all based on a



"catching up" process due to the fact that Europe lagged behind the United States between 1914 and 1948. Europe and Japan did not set themselves any other target, and they were soon joined by Russia in this endeavour.

Herein lay the decay of capitalism. The "State monopoly capitalism" which saw the day during the crisis of the thirties, and the multinational corporations (of new types: conglomerates etc...) which began operation in the sixties, were not radically new forms of monopoly competition, but rather ways and means of prolonging the declining stage of the system, particularly by resorting to the State.

In the expansion phase 1948-1967, however, there was a change in the model of international specialization. The industrialization process through import substitution, which began during the Great Depression in some Latin American countries, and was accelerated during the war and in the fifties in America, in the Arab world and in Asia, began in Africa in the sixties. In this context the old imperial formulae were replaced by neo-colonial formulae. Development inequalities within the periphery grew worse and embryo "sub-imperialisms" appeared.

All these processes occurred side by side with the absolute predominance of the United States in the industrial, financial and military sphere. This period was characterized by a highly stratified international life. The dollar was accepted as a universal currency and "Atlanticism" was triumphant. In 1953, Russia's cold war policy yielded place to that of peaceful coexistence. The term "bipolar" world frequently used to describe the period is, in fact, somewhat misleading, for Russia played in this "bipolar" world the rôle of a close second after the United States. We should in fact speak of an almost unipolar world.

But from 1967 all this balance began to crumble away, that is well before Europe, Japan and naturally Russia "caught up" with the United States. This is again a sign of decadence to which we will return. With today's hindsight, the 1948-67 period appears as the "time of illusions".

We shall now deal with the analysis of the contemporary crisis and the prospects it opens up. But, first we think it would be useful to survey of the theoretical tools at the disposal of the socialist movement today for doing this, tools which have been considerably enriched during the last few years.

2. THE CONTEMPORARY CRISIS AND THE NATURAL TENDENCIES OF  
THE SYSTEM TO SURMOUNT IT

To say that capitalism is declining does not mean that it will collapse on its own as a result of the effect of some irresistible economic contradiction. This would be returning to the rejected positivist economic approach.

In fact, we can already imagine the new industries which could constitute the basis of a renovated accumulation model: atomic and solar energy, space, genetics and synthetic food production; sea bed exploitation etc... One can also glimpse what the development of these new branches would imply with respect to the conditions of competition and the rôle of the State, the international division of labour etc....

It is therefore useful to consider the possible types of "balance" based on the development of these new branches so as to study later how the social forces would operate to ensure the transition from the present situation to these "equilibrium states", what contradictions would have to be overcome and what, under these conditions are the weak links of the system.

We will call these final equilibria the modalities of "1984" (referring to George Orwell's 1984). Why? Because the picture of perfection in horror represented by George Orwell's world corresponds to the perfect rationality of the capitalist production mode and therefore to its natural trend. It reflects the "barbarian" side of the socialism or "barbarism" envisaged by Marx and Engels in the 1848 Manifesto. 1984 reestablishes a perfect correspondence between the perfectly socialized productive forces and the production relations, perfectly dominated by commodity alienation.<sup>1/</sup>

By what means has the inherent contradiction of the capitalist mode been surmounted so far? What fundamental trend of the latter is revealed by this story?

The contradiction between the ever growing socialization of productive forces and the renewal of the capitalist production relations has been surmounted by the continuous centralization of capital (which is thereby becoming more and more "abstract") and by the parallel gradual destruction of precapitalist modes. The individual bourgeois enterprisewas replaced by the limited company and the latter by the monopoly. From the time of the 1930 crisis, the State was compelled to intervene actively in the process of reproduction, so as to support the monopolies and to absorb a share of the surplus which could no longer be absorbed by capitalist reproduction itself in the context of monopolistic competition. This has been clearly shown by Baran and Sweezy. Nevertheless, what has been called "State monopoly capitalism" is still ambiguous, for it is not a new phase, qualitatively different from that of the monopolies. State intervention as practised was only a means of sustaining the reproduction process of the monopolies. This intervention occurred during the 1914-48 period of structural crisis and continued in the subsequent phase of expansion.

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<sup>1/</sup> Samir Amin : "Eloge du Socialisme".

On the other hand, we can easily see that the new industries imply a new status for the firm and modalities unknown to competition. In fact, in these fields it is difficult to see how the monopolies known to us, including the most powerful multinational corporations (the conglomerates) could intervene with the means at their disposal. They have to be replaced to a very great extent by the State. If capitalism is to be perpetuated, it will reach an unprecedented level of centralization. The capitalist State would replace the fragmented and competing capital: capital would become really abstract for the first time.

The survival of capitalism under these conditions is conditioned by the perpetuation of the capitalist ideology. Economism, that is commodity alienation, has always been the content of this ideology. But we have seen<sup>1/</sup> that the extortion of the surplus in the capitalist mode was "opacified" by capital competition - the market - and the sale of labour power - itself a commodity. We have seen that, for this reason, the dominant factor in the capitalist mode was not the ideological but the economic factor as opposed to the situation in the precapitalist modes and the Soviet mode. 1984, with the centralization of capital, is close to the Soviet mode. The extortion of the surplus by the dominant State class again becomes transparent, and the ideological factor thereby acquires a dominant function in reproduction. The ideology corresponding to this new function is that analysed by Marcuse in his "One - Dimensional Man". The totalitarian religious character of this ideology clearly reflects its dominant function.

Thus there is nothing cheerful in the final equilibrium reached: nothing less than the barbaric prospect of 1984. Nevertheless this prospect has some variants. For the sake of convenience, we will

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1/ Amin : Le développement inégal.

describe the two extreme types, any combination of the two being also possible. The prospect which we will call 1984 A would be characterized by the following international division of labour: the centre would keep for itself all the new industries and would throw onto the periphery all the "standard" industries, that is those we know in our contemporary world (the "polluting" industries to simplify things: iron and steel metallurgy, chemicals light industries). We are not concerned here as to whether every central region would have the same vocation from this point of view.

The fact remains that the new industries only offer very limited employment opportunities: although they require at their installation stage a highly skilled and relatively numerous labour force, their subsequent operation, thanks to automation, requires hardly any manpower. In the 1984A prospect, the citizens of the centre would therefore be engaged in parasitic activities which would undergo a massive development. To achieve this, the periphery would provide specifically agricultural produce and the "standard" industries intended for their maintenance. In other words, the masses of the periphery, proletarianized and exploited by the central capital (as a result of the control of technology monopolized by the centre) would produce the surplus consumed by the parasitic masses of the centre. This corresponds to a sort of extension of the South African model to the world level; that is why it does not seem to us that apartheid and the racialism it implies are "relics" of the past, they are on the contrary a requirement of this type of "advanced capitalism". It is necessarily a racist model, because the only ideological "justification" of the unequal exchange it implies (at the periphery producers of surplus value, in the centre, their consumers) can only be of this type.

The goods produced under these conditions by the periphery for the centre are in fact, world goods, produced by the most modern means. One could not therefore claim that labour is less remunerated at the periphery on the pretext that the level of development of the productive forces is backward there. However we cannot compare the productivity in "standard" industries located in the periphery with that in the "new" industries concentrated in the centre. We have already dealt with these points both in "Le Développement Inégal" and in "L'échange inégal et la loi de la valeur" to which we refer the reader.

In this perspective, the "standard" industries would not be evenly distributed among all the regions of the periphery. On the contrary, they would be concentrated in some of them. This phenomenon which is still at an embryonic stage and known as "sub-imperialism" would become general. The sub-imperialist countries would import capital and technology from the centre, they would export the products of the "standard" industries mainly to the centre and accessorially to the more deprived areas of the periphery, and they would cover in this way what they owed to the centre for the imported capital and technology. The concentration of "standard" industries in these countries coupled with the high rate of exploitation of their proletariat, would enable the sub-imperialist bourgeoisies to benefit from a sufficient share of the surplus to ensure the economic and political balance of the system.

On the contrary, the prospect which we will call 1984 B excludes all international division of labour: like the standard industries, the new industries would all be concentrated in the centre, while the whole periphery would be really marginalized. This prospect would necessarily involve the genocide of the peoples of the present Third World who have become completely useless and even dangerous for the reproduction of the capitalist system. Side by side with this the

centre would no doubt, import a massive amount of unskilled manpower, accentuating a trend which is already visible. The unequal exchange would be internalized, as a result of the development of a systematic racialism with respect to the mass of immigrant workers.

All the different modalities of 1984 have a common characteristic: that of a simplified world, reduced to the capitalist mode of production. In 1984 we can no longer speak of social formations in the sense we did for the past and the present, nor of a world system since the latter implies a diversity of modes of production.

The world of 1984 can be reduced to the capitalist mode on the world scale. This neither implies equality nor homogeneity, but the inequalities here are simply class inequalities within the capitalist mode: between bourgeoisie (henceforth State classes) and proletariat, between sections of the proletariat (on a racialist basis), between proletariat and parasites, just as the heterogeneity which reflects the uneven geographical concentration of classes, merely accompanies the class differentiation and no longer expresses, as is still the case at present, the complex character of the formations in which dominant and dominated modes are interrelated, the latter modes being characterized by a retarded development of the productive forces.

Is the 1984 A prospect the most "natural"? Yes, in a way because the uneven expansion of capitalism throughout the world has been a permanent trend of the system, the means by which it surmounted historically its inherent contradiction. Mercantilism already implied a periphery, which fulfilled decisive functions in the generation of capital. But, from the industrial revolution to the 1860s, wages in Europe were not better than those in India and were comparable with the real "income" of the slaves in America. The situation changed

after 1870 with the gap widening even faster than that of productivities. The "external market" is therefore important for raising the profit rate, but as we have shown (*Le Développement Inégal*) it is not essential for the absorption. Nevertheless imperialism was the capitalist solution to the crisis of the years between 1870 and 1890 because it offered the monopolies a new and profitable field of action. The contradiction engendered by imperialism in turn led to the nationalist movements of the following period 1914-48. The renewal of the class alliance between the monopoly capital and the local bourgeoisies, which is the content of neo-imperialism characterized by the independence of the former colonies, from Egypt in 1922 to Africa South of the Sahara in 1960 through India and Southern Asia in the 1940s and 1950s), opened a new outlet to capital through import substitution industrialization. This outlet was highly profitable precisely because, as we have already seen, the wage gap was greater than that of productivities from one branch to another.

This very evolution was pregnant with political consequences. For whether we like or not, it laid the basis of the reinforcement of racialism and fostered an ideology based on the "inequality" of peoples.

In the 1984 A assumption, the evolution would culminate in the strict equality of productivities, the total modernization of the productions of the new periphery, but side by side with this, the maintenance of a gap between real wages. Jaffe's intuition according to which South Africa, under these conditions, is a sort of microcosm where can already be found the characteristics of the world of 1984 is a strong intuition. (Jaffe's mistake was to think that we are already in 1984, that the world system is already similar to South Africa whereas productivities are not yet equalized).



These two extreme perspectives are probably somewhat of a caricature. If the system were to develop according to its own laws without being challenged by series of revolutionary transformations, it would probably evolve towards a combination of both models, some standard industries being transferred from the centre to some sub-imperialist countries, and others being maintained in the centre and some areas of the periphery being gradually and genuinely marginalized, and even destroyed.

What factors would tip the scales in favour of A or B?

To answer this question, we must examine the significance of the transition from the present situation to that of the final balances described under the generic term of 1984. The accumulation model at present governing the capitalist system has collapsed, because the profitability of the propelling industries (motor cars and durable goods) on which it was based was handicapped: 1) by the huge mass of investments in infrastructure which sub-tend the expansion of the market for these commodities (urbanization, motorways etc...) 2) owing to the fact that a considerable portion of the surplus value generated in these industries is absorbed by the wastage of the accompanying tertiary services and of the sales services required by the forms of monopolistic competition governing these branches, 3) owing to the inadequate exploitation of the potentialities of the periphery, limited by the type of international division of labour implied by this model and 4) owing to the fact that this model is politically and ideologically viable only on condition that a dual requirement of the working class of the centre be met: full employment and continuous increase in real wages, a requirement which makes the system less flexible, in a case where the fall in the profit rate necessitated a difficult readjustment in terms of employment and wages.

Moreover, this accumulation model, for political and ideological reasons to which we will return, was in crisis long before Europe and Japan caught up with the United States.

The following question may therefore be asked. The transition from the present accumulation model to the 1984 model implies a huge mass of investments in new industries. Who will finance these investments? The proletariat of the centre and/or that of the periphery?

In a situation such as this, in which all the illusions of "easy and sustained" growth crumble away, it is quite obvious that the frightened bourgeoisies will all first attempt to get out of it by trying to transfer to others the burden of facing the consequences. The stronger the bourgeoisie, the greater its economic, political and military resources, the brighter its chances of success in creating a zone of influence on which to thrust the difficulties of the transition. A weak bourgeoisie, on the contrary, can be compelled to make its own proletariat bear more of the burden of transition. The strong will therefore incline towards the 1984 A horizon, the weak towards that of 1984 B. Therefore the new period will first be characterized by a sharpening of the struggle between the central capitalisms for access to the Third World and to Eastern Europe. These are the battlefields on which the war which will decide the new international "balance" is being fought.

We shall therefore examine successively in this context : 1) the nature of the inter-imperialist struggles on the battle field of the third world and the contradictions resulting from it (will the imperialist strategies be checked by the "nationalism" of the periphery?) 2) the nature of the Eastern European integration into the new world system and the contradictions arising from it in Russia and in the present satellite countries, 3) the nature of the social struggles in the centre which will result from the successes and failures of these strategies (where are the weak links if any?).

3 ENERGY AND RAW MATERIALS CRISIS AND THE ROLE OF THE PERIPHERY IN THE NEW WORLD SYSTEM

The present oil and raw material crisis must be placed in the above context. It will not be understood if these problems are examined separately; if for example (as is often done), the consequences of a readjustment of relative prices on the various regions of the world are discussed without taking into account the crisis of the accumulation model. This is to take a stand on superficial ground on which everything can be explained by apparently sensible arguments, the ground on which those concerned manoeuvre according to their strategy.

The very progress made by the Europe and the Japan of the "time of illusions" in catching up the United States had led to a questioning of American preponderance. In the immediate post-war period, the gap was such that the United States had, in every industry, a lead which gave them absolute superiority in term of competitiveness; in other words, the productivity gap operated in their favour because it was still greater than the wage gap. But little by little this ratio was reversed at least in a certain number of Japanese and German industries. The permanent surplus of the American balance of payments gave place to an opposite trend. Hence the United States lost the extra advantage which had operated in its favour and had enabled it to acquire strategic positions in Europe by buying up firms and modernizing them under its own direction. At the same time, the United States no longer managed to play the role of international policeman because this expensive operation (i.e. the war in Viet Nam) increased the deficit of its external balance. This is the reason why the crisis occurred in the field of the international monetary system and led to the fall of the dollar.<sup>1/</sup>

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<sup>1/</sup> Samir Amin - Le développement inégal.

Nevertheless the United States was able to contemplate a major counter offensive strategy which is now being implemented. This strategy was first formulated in the sphere of ideological preparation ("zero growth", "the environment", neo-malthusianism), then in the sphere of political preparation (the American-Russian pact, the peace in Viet Nam and the recognition of China) before it was launched in the actual economic sphere (the increase in the prices of oil, raw materials and agricultural produce).

Therefore, the ground was first prepared at the ideological and political level. The Club of Rome, constituted for this purpose, sounded the alarm and announced the generalized scarcity and depletion of raw materials, thus preparing the increase in the prices of energy and raw materials. The "environment" campaign was related to these preoccupations. By ending the war in South East Asia, the United States improved the position of its external finance. Then like a thunderbolt came the announcement by the Shah of Iran of the increase in the oil price. It should be recalled here that this decision was taken before the Ramadan war.

From this point of view the United States is in a better position than Europe and Japan. It is true that it depends on foreign countries for an appreciable percentage of its needs in fuel and raw materials. But it is also a large producer of oil and a wide variety of raw materials and agricultural produce. Compared with the United States, Europe and Japan are thus in a relatively bad position to consider a reconversion of their economy based on higher relative prices for energy, raw materials and agriculture. Indeed we saw at once how the rise in the oil price led to the recovery of the American balance and to that of the dollar.

The aims of this United States counter offensive are many:

- 1) to weaken Europe and Japan and restore the situation prior to the international monetary crisis;
- 2) to win over the under-developed countries which, on the whole, also benefit from this rise in the prices of oil and raw materials (we shall see later how this analysis must be qualified), and hence to snatch them from European and Japanese influence, thus placing themselves in the best possible position to develop the 1984 A strategy to its own benefit;
- 3) to seal the alliance with the U.S.S.R. In fact this country too, which is more self-sufficient than Europe and Japan is not much affected by the increase in raw materials prices; on the contrary, it is likely to benefit from it if its intention is to export more and more of these materials to the West in exchange for advanced technology. The U.S.S.R. is thus compelled to play the rôle of "close second" to the American strategy.

It would be wrong to believe that this operation would be limited to oil, to connect it with the Middle East conflict and with the will of the Arabs to use the weapon of "black gold" etc... even though this element has really intervened.

The increase in the prices of raw materials in general should follow, particularly those of ores. But, in the American strategy, the same applies to agricultural products. Until now the United States has adopted a policy of low prices for agricultural products by subsidizing their producers. The policy was feasible as long as the American balance of payments was in surplus, but it was costly for American capital. By abolishing these subsidies in order to leave prices to "adjust themselves to the demand", the United States, a large exporter of agricultural products, will improve its external situation.

Who will foot the bill for these adjustments? Who are the the beneficiaries?

The first obvious beneficiaries are the multinational corporations which are mainly American. The situation as regards the oil corporations for instance has been reversed: they used to be faced with a situation characterized by a high growth in demand and therefore by the obligation to make heavy investments; and by low prices and therefore small profits. The situation is now the opposite: with the super profits to be made in oil these corporations can combine to finance the reconversion towards 1984, particularly in the field of atomic and solar energy etc..., that is, they will look for a place in the new leading sectors. The same applies to the multinational corporations dealing with other raw materials.

Generally speaking, by making Europe, Japan and the underdeveloped countries bear the burden of the crisis, the United States is making easier its reconversion towards 1984.

Do the Third World countries benefit from the operation? A serious detailed analysis must be made here so as to avoid the fairly obvious black-mail and manipulations.

The underdeveloped countries as a whole are exporters of fuel and raw materials, and importers of manufactured goods and food products. The rise in the relative prices of the former in relation to the latter improves their external balance even if this improvement is reduced by the opposite effect of higher prices for their imported food. This is quite clear and obvious, and all the statements about the so-called negative effects of this improvement in the terms of trade of the Third World are to say the least, curious.

Nevertheless the operation, as envisaged by the United States (we emphasize this point) is not in "the interest of the Third World". First, because the imperialist strategic perspective is based on the unequal distribution of these profits among the countries of the Third World. The beneficiaries - their ruling classes - would in this context agree to play the rôle of sub-imperialisms: they would industrialize at an accelerated rate in the 1984 A perspective, thus offering capital the possibility of exploiting the potentialities of a cheap proletariat. The surplus which the centre would draw from this exploitation will quickly outgrow "profits" obtained at the stage of implementation of the new balance. It is very clear here that the operation aims at making the peoples of the Third World foot the bill for the reconversion towards 1984 A, by an alliance with the bourgeoisies of some countries of this part of the world.

To this strategy must be opposed the possible counter-strategy of the peoples of the under-developed world. This is certainly not to do the same thing with other partners (Europe and Japan), but: 1) to get rid of the multinational corporations and to replace them by long term State to State agreements, thus giving more autonomy to the under-developed States and enabling them to use the profits resulting from their higher export prices as they choose.

2) to reject the project of the new international division of labour (1984 A) and to develop their economies on the basis of a maximum social and technological autonomy, the long term State to State agreements being geared to that perspective.

3) to refuse the division of the Third World on the basis of "sub-imperialism"/"sub-colonies", but on the contrary to accelerate the process of the constitution of large blocks with the prospect of an equal development of the partners.

The requirements of this strategy, particularly in Africa and in the Middle East will be studied later on, with respect to the European/French alternative and to the study of the Soviet strategy.

4. IS THE INTEGRATION OF EASTERN EUROPE, A WAY OUT OF THE CRISIS?

The U.S.S.R. presents already all the characteristics of a sub-imperialism. In its relations with the developed countries of the West, it exports raw materials and imports advanced technology; in the relations it entertains with the Third World, it exports "standard" manufactured goods (including arms) and imports raw materials. Moreover, the deficit resulting from the relations with the West is covered by the surplus obtained from its relations with the South.

Strictly speaking, the USSR is at the present time the only country clearly presenting these characteristics (together with South Africa). These countries already termed "sub-imperialisms" - Brazil, India, Iran for instance - are still far from this structure. From the strict economic point of view, they export as yet to the developed world only and practically do not yet export to the under-developed world. But the logic of their growth policy will necessarily make them evolve in the direction shown, and they already indicate that that is their political target.

Is there any possibility that the USSR will fulfil this function more and more, thereby offering an essential outlet (much larger than that of the Third World) to Western capital? In theory, yes, for it is already a well formed society, with a large and disciplined proletariat and still large peasant reserves etc.... The projects for developing Siberia tend in this direction. As K.S. Karól humorously put it, since the late lamented comrade Stalin was no longer sending enthusiastic volunteers to Siberia, the system no longer knows what to do, it cannot implement effectively either the Chinese "labour intensive"



formulae because they imply a real mass participation, nor truly western formulae since these require technology, organization and capital.

There are many signs which indicate that the USSR is a candidate for this rôle. It is being more and more proclaimed that closer relations must be established between the external market and the mechanisms of the national economy, that is that the USSR wants to belong to the international capitalist system and not only to the international capitalist market. According to Agnelli, it is better to manufacture Fiat cars at Togliattigrad, where the proletariat is more disciplined and less costly, than at Turin.

But we would be wrong to stop here. For the USSR has three particular essential characteristics : 1) it has a specific mode of production which cannot be reduced to the capitalist mode, 2) it has a world vocation, particularly a military vocation and 3) it entertains special relations with its zone of influence, in Eastern Europe. The Soviet mode, a sui generis<sup>x</sup> mode, is not the expression of the backwardness of the productive forces. On the contrary, although production relations here are class relations, they have reached a more advanced stage than in the west: here the total centralization of capital heralds 1984. That gives the political power a predominance it lacks in the capitalist mode. But the power of this dominant class as regards the external world requires the maintenance of the Soviet military power. This compels the USSR to refuse to specialize in the "standard" industries but to develop also the new industries (atomic, space etc..) To achieve this it must keep for itself the maximum surplus generated by its proletariat, and this strictly limits the prospect of a large-scale installation of "standard" industries intended for the external market of the developed countries.

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x Samir Amin :- Le Développement Inégal.

This is probably why the USSR is hesitating. That is why it will, no doubt try to keep this process under its control, particularly by playing on the contradictions between the possible partners: United States, Japan and Germany. One can see here the double blunder of the Soviet "opposition" of the Soljenitsin type as shown by Karol. The opening on to the West does not make the system a liberal one, firstly because the "natural" prospect of capitalism is not the development of democracy but 1984; secondly because this opening is based on the "discipline" of the Russian working class, unequal exchange and therefore, its continued oppression.

##### 5. EUROPE A WEAK LINK OF THE SYSTEM?

The crisis has suddenly led to the break-up of Europe and put a stop, temporarily at least, to the construction of Europe at the very time when it seemed to be finally succeeding through the integration of Great Britain.

1948-67 had been the "time of illusions", in this case the illusion that the gradual constitution of an integrated Europe was going to enable it to catch up with the United States, thanks to the advantages of a market which is henceforth a continental one. But the reality talked of was a different reality, that of the Europe of Nations, and of unequal nations. As always, the most powerful partner, in this case Germany - wanted to accelerate the movement. Italy, Belgium and the Netherlands accepted what FAIRE and SEBORD aptly described as the choice of a "compradorization" behind Germany. France on the other hand, by manoeuvring between the maintenance of the pre-eminence of national institutions and policies and the acceptance of a limited supra-nationality - policy of the "Europe of Nations" - sought to improve its position before the European fusion was completed. To achieve this, it had important political and economic assets (the dependence of the franc areas).

The high growth rates of the late comers of the "time of illusions" permitted the highest hopes. These hopes were justified by mechanical projections, a predilection of technocrats lacking social intelligence. Thus Herman Kahn amusing himself by projecting these rates, predicted a glorious future for Europe and particularly for Southern Europe (France, Italy, Spain). This kind of exercise in fact, never gives any information, because a small difference between two growth rates, if projected over a longer time, is enough to make this difference appear to reflect a qualitative change in the international balance. History shows that things never happen in this way, for the growing imbalance generates new contradictions which are not taken into consideration in the projection scheme. Once again, Kahn's exercise appeared at the very moment when the phase he was projecting indefinitely was coming to an end!

What are the contradictions involved?

The more advanced industrial capitalism of northern Europe had liquidated the vestiges of the mercantilist period. Agriculture in England had been definitely abandoned with the repeal of the Corn Laws in the middle of the 19th century and, thereby, the class alliance of capital with landed property had lost its real basis.<sup>⊗</sup> In Scandinavia, particularly in Sweden, the assumption has already been mentioned that the heterogeneity of the agrarian structures and the early alliance between the leaders of the workers' movement and financial capital had facilitated a purer development of capitalism.

In Germany, nazism had been the last phase of a policy of complex alliances directed by large-scale capital which was to mobilize the peasants, petty traders etc against a revolutionary proletariat.

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⊗ Samir Amin - La rente foncière.

But nazism at the same time was eliminating the real basis of those alliances; its collapse and the division of Germany after the war, saw the disappearance of this 19th century heritage.

Society in northern Europe with its simpler structure, requires for its own reproduction, a fundamental social pact between capital and the working class. Thus social democracy is par excellence the ideology of mature capitalism. It reacts in turn on the economic base, by ensuring, through full employment, social security and a negotiated but continuous increase in real wages as well as accelerated growth.

The system in North America is similar although still more favourable to capital domination. Drowned by the effects of the successive waves of migrants and by those of the conquest of the west, the workers' movement there had never managed to transcend the most elementary "economism" in order to reach the level of political autonomy even a social-democrat autonomy. The conflicts rather occurred at another level: between dominant capital (the Republican party) and local interests (more or less in coalition in the Democratic party). With the progress of integration and accumulation, the alliance of the local interests lost its force, and ended in the present regime of a defacto single party. The State there must, nevertheless, adopt the equivalent of a social democrat policy: this was the purport of Roosevelt's New Deal, and also of the "Great Society" invented by the "Democrat" Johnson and then taken over by the Republicans.

There is nothing similar in Southern Europe. Being weaker there, industrial capital was compelled to develop lasting class alliances with the remnants of mercantalism: in France and in Northern Italy with the small peasantry, in Spain and in Southern Italy with the latifundia, everywhere with the urban petty bourgeoisie, the local notabilities, the commercial bourgeoisie etc. This series of alliances drove

the proletariat to a more radical opposition : the anarchism in the 19th century and the success of the Communist parties of the 3rd International bear witness to this fact.

The political life of Latin Europe has therefore been very different from that of northern Europe. It is characteristic that the expansion of the years between 1948 and 1967 was ensured by conservative and authoritarian governments (Francoism, Gaullism, Italian Christian Democracy). "Popular frontism" has been the counterpart of this type of regime. In this regime, the working class really threatened capitalism whenever it was associated with power, as happened in France and Spain in 1936; from this angle its presence in power had a quite different impact from that of the social democrat governments in the north which never constituted any danger to the social system, quite the opposite. But each time this participation in power only lasted for a short time and ended by a shift to the right: francoism or petainism. The fact is that the parties of the working class were attempting the impossible: to snatch from the bourgeoisie its traditional allies (peasants, small traders etc...) and this led to economic bankruptcy and to the return of the bourgeoisie to power, reclaiming these unstable allies from the popular fronts. The Germany of the Weimar republic had a similar history, which ended in nazism.

Nevertheless something changed during the expansion which took place between 1948 and 1967: the very process of growth sawed off the branch on which the traditional power of capital was based, since this process liquidated the peasantry, the small enterprise etc. Capital tried to replace its traditional class alliances by dividing the working class, since it could not associate it in the northern social-democratic way. The policy of very wide differentiation of wages intended to win over the middle-grade personnel and technicians was formulated for this purpose. The fact remains that this policy failed from the ideological point of view, as shown by day-to-day events in Italy and France from 1968 on. Capital was consequently compelled to maintain and renew the

models of its traditional alliances: this was shown in its tolerance and support for the new bourgeoisie which was growing rich, from urban land speculation and from the parasitic tertiary sector (hence the failure of Chaban Delmas' social democrat attempt in France).

This failure of social-democratic integration made southern Europe a weak link in the crisis. First because the class alliances in question limited the competitiveness of its capital with respect to that of the northern countries. Secondly, because the fact of making the working class bear the burden of the crisis in itself caused an explosive situation in these countries with a revolutionary tradition. The frightened bourgeoisie then hesitated between an attempt to constitute an anti-American bloc together with some areas of the Third World (the present pro-Arab and Euro-African choices of the French government) and submission, capitulation and acceptance of its "compradorization" (the choice of the "Centre democrate" and of the independents..).

Southern Europe is not the only weak link in the central capitalist system, although it seems to us that it is the most fragile. Will social democracy in northern Europe withstand the end of full employment? The wildcat strikes in Sweden, the emergence of a marxist current in German social democracy already indicate the weaknesses of the system. If the so-called multinational capital in the United States can exploit the crisis for its own benefit, this will be to the detriment of the sectors of capital which are geared more to the home market. Minor though this contradiction may be so long as the working class does not intervene independently in the country's life, it is not negligible at the level of State political decision-making.

How can these shortcomings be made use of so as to open breaches towards a socialist transformation in the centre? The working class and its organizations now have a choice between a "defensive strategy" and an "offensive" strategy as defined by Lucio Magri. The former which consists in defending the "level of living" of the class, is ineffective in a situation of structural crisis. On the other hand, its possible success transfers the burden of re-adjustment to the periphery, accelerating the march towards 1984 A. The second "offensive" strategy aims, on the contrary at seizing the opportunity of the impending keen class struggles in order to leave the economic framework, to put forward the felt "need for communism" (as shown by the crisis of the system of values, of education, the active criticism of the division of labour, in Italy and France at least.) and at raising the working class, at political level, to the rank of a hegemonic class. It is certainly too early to say how this strategy might progress. It already appears, however, that "popular frontism" and the putting forward of a programme of "economic revival" based on the priority development of collective consumption do not constitute effective means. "Frontism" assumes the absurd : that the working class can snatch from capital its surest allies: the parasitic sectors it sustains (the land speculation etc...). The economic revival presupposes - this is moreover the diagnosis of the Communist parties - that the crisis is an ordinary recession and not a structural crisis. If that was in fact the case, collective consumptions could provide the means of a revival. But these consumptions - an additional cost for capital - could in no case facilitate the creation of new industries, on the contrary. To justify the diagnosis of the "ordinary" recession, it will certainly be recalled that the increase in the rate of unemployment is a modest one. There again, this is a major mistake. The crisis will not be a repetition of that which took place in the thirties because the forms of competition and of State intervention are not the same. That is why in our opinion, this re-structuration crisis will be very long and will not entail a massive and sudden unemployment. Once again, it is a sign of the decline

of the system: it is less and less flexible or capable of rapid adjustments (even painful ones). That is also why the alternative, i.e. social democracy or fascism, is a false alternative. The latter is characteristic of the type of the 1930 crisis; today, it is rather - in the short or medium term - the prospect of an authoritarian neo-social democracy accompanied by selective repression which is the means used by capital to delay the fundamental challenging of the system.

In a parallel way, inter-imperialist contradictions are bound to develop. The manifestations of this (already perceptible) will be blocs and wars by proxy between the countries of the periphery). It would be a serious mistake on the part of the socialist forces of the Third World to remain passive, to "adjust themselves" to the situation, to confine themselves to concluding tactical agreements with a particular bloc etc... for these forces can also play a decisive rôle.

#### 6. ONCE AGAIN : THE TEMPEST BELT.

The characteristic of the equilibrium described under the name of 1984 A is the existence of "sub-imperialism". Development in this direction already exists even though at an embryonic stage. And we can already distinguish at least two variants of this type of development. The first is simply characterized by the runaway industries of central capital benefiting from the existence of a cheap proletariat, already found in Eastern Asia and in Mexico. The second one is characterized by a more pronounced association of the local bourgeoisie and the concomitant creation of "standard" and integrated industrial complexes as found in Brazil, India, etc...

Let us avoid quarrelling over words. The very term "sub-imperialism" has been criticized because it refers to imperialism and, therefore, to capital export, whereas "sub-imperialists" import capital but do not export it. So far as we are concerned, the phenomenon - no matter what it is called - indicates a specific structure with a



definite place in the unequal international division of labour. The terms lumpen-europeanization, or lumpen-development certainly give a better picture of the phenomenon than "sub-imperialism". It should also be recognized that this phenomenon is still quite embryonic and does not yet enter perceptibly into the foreign relations structure of such countries as Brazil, India etc. Should we for all that neglect to see what is taking place here and elsewhere?

The oil crisis suddenly reminded us of the importance of these possible developments. Not much imagination is needed to envisage a unified Arab world rich in oil royalties and hence able to industrialize through the massive import of western technology and becoming an industrial workshop supplying cars to Europe and textile goods to other African countries. A second wave of Arab nationalism maintained this time, in the east by king Faisal, the emirates of the Gulf and Egyptian industry and in the west by Libyan and Algerian oil and the basic Maghreb industries, is clearly possible.

These are possible perspectives. But the game is far from being won. Here again there are many contradictions, and the new equilibrium presupposes that they can be overcome without upsetting the system. Three series of contradictions are worth mentioning here.

The first and the most important are the contradictions occurring in the class struggle in the Arab world. The "time of illusions" - 1948-67 - was for the Arab world that of the "Nasserian" development model, inspired by the Soviet model, first transposed to Egypt and then extended to Syria and Irak and renewed in Algeria. It was in Egypt that this model was most systematically applied, through the nationalization of the whole of industry and a radical agrarian reform etc.. It is also in Egypt that its limitations are most clearly noticeable. The alternatives are clear for Egypt today: either to give up the "attainments" of Nasserism, to accept a form of Arab unity in which the

private capital of Saudi Arabia and of the Gulf would predominate, or to go beyond the "masserian" model. The violent and repeated struggle waged by the Egyptian proletariat and youth make it impossible to pre-judge the outcome. In Algeria, where the "technocratic" option benefits from the facilities afforded by petroleum, the game is not yet finished either. For, in this country, this option is necessarily that of the country's "lumpen-Europeanization" based on the Turkish model. It puts a definite end to the country's integration into the Arab world and finally shelves "Arabization".

The second series of unsolved contradictions is that which exists and will long remain between the various sections of the Arab bourgeoisie. Who will make the Arab unity which is necessary for the flourishing of the project? The emirs and kings of the desert or the bureaucracies of the densely populated countries? Will the latter accept to be "compradorized" after having nursed hopes of achieving Arab unity under their direction?

The third series of contradictions is that between the Arab world and other possible candidates. Israel has been used by the West since 1948 as first-rate means of checking the development and the liberation of the Arab world. But this state has now lost its "raison d'être": if the Arab world can be integrated into the capitalist system as a "sub-imperialism", that is the end of the Zionist state's dream of fulfilling this function by submitting to its "peaceful" semi-protectorate the less industrialized and militarily weak Arab countries. The Ramadan war, in this respect, tolled the knell of Zionism. And the latter was quite aware of this when it realized "Kissinger's betrayal". But Israel still exists and nothing proves that the renewal of bourgeois Arab nationalism will have enough strength to deal a final blow to Zionism or to make the Arab peoples definitely accept it. Israel still remains the thorn in the flesh of Arab nationalism.

the content of these alliances. The rapprochement begun between France and the Arab world, the expressed will of the French to resist and American stranglehold over Africa must be watched closely. There should not, however, be any illusions about a "right wing" policy of this type. After all, it is the "paleo-colonial" French practice in Africa which often constitutes the best objective ally of American penetration, by facilitating Washington's demagogy towards the comprador bourgeoisies which are too weak to be more than one of the stakes. It is therefore important for another policy to be initiated, that of a front of the peoples of the Mediterranean region, of Africa and of the Middle East, which requires a left wing evolution on both shores of the Mediterranean.