

Capitalism, Imperialism, Development: A Marxist Discussion

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1. Introduction

Radical approaches to Development are nowadays being dominated by two traditions: On the one hand, the conception of Globalization is supposed to describe the characteristics of the “world economy” and so to define the presuppositions of development, in a similar way as theories of “world capitalism” shaped radical approaches to capitalist development and underdevelopment in the past decades. On the other hand, the notion of imperialism is supposed to interpret the relation of forces between states and also the contemporary forms of world economic and political order.

This paper critically reviews the fundamental theses of both approaches:

It is argued that all notions of globalization which interpret social evolution and capitalist development as the outcome of the functioning of the “world (economic) system”, which supposedly shapes the class relation of forces and class-struggle in the interior of each capitalist social formation, must also be rejected. Among the relations that determine capitalist development, one has to count the international connections of a social formation in the framework of the “global system”. These connections are of both economic (world market, internationalisation of production, international capital movements, currency parities) and political-military nature. The overall effect of the international relations may act to accelerate, or to retard (capitalist) development, depending on the type of articulation of the given social formation within the context of the world imperialist framework. This type of articulation is, though, determined, in the last instance, by the economic and social structures of the given social formation, i.e. by the prevailing class relation of forces and class struggle in it.

In every capitalist social formation, the state, as the centre for the exercise of capitalist political power, is the mechanism for concentrating the generalized social violence of capital, a vehicle for international alliances of the (national) bourgeois classes and at the same time a machine for promoting the expansionism of each country’s social capital. A theory of imperialism, if based on Marx’s theory of capitalism, shall on the one hand reject the traditional monopoly-capitalism approach and on the other adopt a broader definition of imperialism, denoting the (economic, political and ideological) expansionist tendencies inherent in every system of capitalist power (in every capitalist social formation).

2. “Globalisation” and the World-Capitalism Approach

The polarization of capitalist development on the world level was the empirical basis for the formation, after War-World II, of the *centre-periphery theoretical tradition* based on a certain conception of *world capitalism*: Capitalism is conceived as a

unified world structure whose pattern of development fully determines the patterns of development of its constituent elements, the capitalist national social formations (the nation states). (See, e.g. Amin 1973, 1976, Chilcote 1999, Wallerstein 1974, 1980).

According to centre-periphery approaches, development and underdevelopment constitute simply the two opposite poles of one and the same process: development of some countries –the imperialist countries– presupposes, or even causes, the underdevelopment of the majority of the world countries, the dependent countries, which are subjected to imperialist exploitation.

This simple and easily conceivable scheme has been proven hardly useful for the comprehension of the economic and social contradictions and class struggles in less developed capitalist countries, and as well of the processes which have led to the rapid economic development of some formerly underdeveloped countries, which covered the development gap with the most developed ones, as it was the case with many European countries during the 19th and 20th centuries (until the 1970s), or more recently, with the emergence of Newly Industrialized Countries (NICs) in S.E. Asia (Hurtienne 1981, Senghaas 1982, Harris 1986, Milios 1989).

However, this simple idea of “world capitalism” continues to constitute the theoretical basis of all radical globalization approaches: The major trends of development in each and every country are interpreted as the outcome of the present character of “globalization”, i.e. of the trends in the development of global capitalism. To my view, these approaches are wrong, as they reverse the flow of cause and effect of economic and social processes:

1) Although the creation of the world market is a direct outcome of the prevalence of capitalist relations of production, the capitalist mode of production attains its adequate forms on the level of the capitalist social formation (the “nation-state”), not on the world level (Bairoch 1993, Milios 1998). Capitalism is a system of class power extending to all social levels, and is politically “condensed” by the capitalist state. The “world capitalist system” is the articulation of the different capitalist class powers and the formation of what Lenin has described as the world “imperialist chain”.

2) Capitalist development has always been promoted by state policies: the state, acting as the “collective capitalist”, on the one hand ensures capitalist hegemony against both labor and the non capitalist oligarchies in each social formation, and on the other protects national capital in international competition with foreign capital. The present day open boarder policies express the interests of the most developed capitalist fractions in each country who think, given the forms of indirect protectionism (currency parities, public spending, national regulations etc.), that they may capitalize on international competition and the suppression of labour and social costs. What then may be called “globalisation” is an expression of this capitalist offense against the working classes in most capitalist countries of the world (Hirst & Thomson 1996, Petras & Veltmeyer 2001). It is the way through which capital attempts to make neoliberal policies, i.e. policies of wealth and power redistribution in favor of the ruling classes, appear “irreversible”: by disguising them into an unchangeable “world order”, into a necessity stemming from the “global” nature of the economy (Milios 2005).

“Globalization” favours open boarders for capital and scorns state intervention in the economy, in order to present social welfare as economically ineffective and pave the way for dismantling social policies and thus suppressing the cost of labor force reproduction. As a result, it has been mainly dominated by powerful export oriented economic interests, big banks, investment funds, transnational groups and other owners of big capital. Twenty-five years of neoliberal policies in the capitalist world

have influenced every aspect of social life (Saad-Filho & Johnston 2005). Starting from the late 1970s in most developed capitalist countries, the privatization of the welfare state, the downsizing of government, the emergence of new forms of social exclusion, the increasing unemployment and the polarization of wages¹, the “free-market” delivery systems for health, education, and welfare, are changes which affect not only the economy but also the politics of capitalist societies.

In what follows I will argue that the concept suitable for the analysis of all these developments is the Marxian notion of the capitalist mode of production: It forms the basis for the analysis of class exploitation and class domination on all social levels of capitalist societies and thus of what emerges as the “world capitalist system”. Before doing so, it is necessary to refer to an approach rather symmetrical to the one just discussed: The imperialist “new world order”.

3. Imperialism and the “New World Order”

According to this approach, deriving mostly from what was once described as “Soviet Marxism”, the collapse of the Soviet Union resulted in the formation of a “New World Order”, characteristic feature of which is systematic violation of the principle of national independence and state sovereignty. Any states that do not fall into line with the rules are subjected to sanctions and politico-military pressure, until they submit to the norms of imperialist suzerainty. This means that opposition to imperialist strategy is now the nodal point of resistance for all with aspirations of a different world. In this setting the national state and strengthening of its sovereignty is perceived as a prerequisite for the “self-determination” of a people and the demand for democracy and social change.

I think that such approaches theoretically and politically underestimate class power and class struggle, i.e. capitalist exploitation and dominance over the working classes, not only in the capitalist countries considered to be subjected to the imperialist yoke or threats, but also in the “great powers” of the capitalist world.

However, dominant approaches to imperialism suffer from two even more severe theoretical weaknesses:

- a) They consider that (economic, political, territorial, cultural etc.) expansionist-imperialist tendencies characterize only the “great powers” (i.e. developed-imperialist capitalist countries), and not every system of (economic-political-ideological) capitalist class power.
- b) They further consider these expansionist-imperialist tendencies to have taken an ultimate form, characteristic to “mature capitalism”, since the late 19th century. In doing so they do not only exclude the era of “early” capitalist expansionism (from the 15th to the late 19th century) from what is denounced as “imperialism”; they also consider the “pre-imperialist” historical era of colonialism (up to the late 19th century) to be qualitatively different from the following one (from the late 19th century up to the aftermaths of World War II), whereas the *collapse of colonialism* after World War II and the consolidation of exploitative-capitalist

¹ The increasing polarisation in wages, i.e. the constantly growing value of the ratio “upper 10% wage level over the respective lowest 10% wage level” is apparent in all capitalist counties since the mid-1970s. Since the same ratio was decreasing during the first three post-WWII decades (1945-75), Harrison and Bluestone (1988) defined it as “the Great U-Turn”. For more recent data on wage inequality and polarisation s. Borjas (2000), Ch. 8.

state powers in all former colonial areas did not significantly change the features and functioning of “world capitalism”. To defend this “periodisation” of world history, they claim that capitalism has been transmuted since the late 19th century to “monopoly capitalism”, which is the “ultimate form” of capitalism.²

In the following two sections of the paper I will challenge the above described approaches, focusing on the issue of capitalist development.

4. The Capitalist Mode of Production

The notion of the *capitalist mode of production* refers to the causal *nucleus* of the *totality* of capitalist power relations, the fundamental social-class interdependencies which define a system of social power (a society) as a capitalist system. It is the notion which deciphers the dominant structural characteristics of each and every capitalist society.

It is established in the *capital-relation* initially on the level of production: in the separation of the worker from the means of production (who is thus transformed into a wage-laborer, possessor only of his labor-force) and in the full ownership of the production means by the capitalist: the capitalist has both the power to place into operation the means of production (which was not the case in pre-capitalist modes of production) as well as the power to acquire the final surplus product.

In order that the laborer is transformed into a wage-earner, the “ruler” must give way to the modern constitutional state and his “subjects” must be transformed, on the judicial-political level, into free citizens: “*This worker must be free in the double sense that as a free individual he can dispose of his labor-power as his own commodity, and that, on the other hand, he has no other commodity for sale, i.e. he is rid of them, he is free of all the objects needed for the realization of his labor-power*” (Marx 1990: 272-73).

In pre-capitalist modes of production, in contrast, the ownership of the means of production on the ruling class was never complete. The ruling class had under its *property* the means of production, i.e. it acquired the surplus product, but the working-ruled classes still maintained the “real appropriation” of the means of production (the power to put them into operation, see Harnecker 1985). This fact is connected to significant corresponding characteristics in the structure of the political and ideological social levels as well. Economic exploitation, that is the extraction of the surplus product from the laborer had as its complementary element *direct political coercion*: the relations of political dependence between the dominant and the dominated, and their ideological (as rule, religious) articulation.

² Let us remember at this point Lenin’s “classical” definition: “Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed” (Lenin 1916). However, the “division of the world” is what characterises capitalism from the first historical phase of its existence as a system of antagonistic “absolutist” states: “As English merchants now ventured forth onto the world’s markets, the country was forced to *pursue an active colonial policy*. The wealthiest colonies had already been seized by other states, namely Spain and Portugal. With time Holland and to an extent France acquired sizable colonial possessions. The entire history of England from the 16th to the 18th centuries is a history of its struggles with these nations for commercial and colonial superiority. Its weapons in this struggle were *the founding of its own colonies, commercial treaties and wars*” (Rubin 1989: 30).

The (capitalist) mode of production does not, however, constitute exclusively an economic relation but refers to all of the social levels (instances). In it is also contained the core of (capitalist) political and ideological relations of power, i.e. the particular structure of the capitalist state. Consequently, it is revealed that the capitalist class possesses not only the economic, but also the *political power*; not because the capitalists man the highest political offices of the state, but because the structure of the political element in capitalist societies, and more especially of the capitalist state (its hierarchical - bureaucratic organization, its “classless” function on the basis of the rule of Law etc.) corresponds to and ensures the preservation and reproduction of the entire capitalist class domination. Similarly it becomes apparent that the structure of the dominant bourgeoisie *ideology* (the ideology of individual rights and equal rights, of national unity and of the common interest, etc.) corresponds to the perpetuation and the reproduction of the capitalist social order and of the long-term interests of the capitalist class. “Certain relations of production presuppose the existence of a legal-political and ideological *superstructure* as a condition of their peculiar existence (...) this superstructure is necessarily *specific* (since it is a function of the specific relations of production that call for it)” (Althusser/Balibar 1997: 177).

We see therefore that capitalism cannot be reduced to the (world) economy, by ignoring the state, or the political and ideological relations of power. The state is an important influence on the way economies are organized in the normal course of capitalist development, and there are important economic forces propelling the reproduction of nation states. Capitalist power over the working classes is at the same time economic, political and ideological, and it is “condensed” by the capitalist state in each national social formation.

The mode of production, therefore, describes the *specific difference* of a system of class domination and class exploitation. In a given society there may exist more modes (and forms) of production, and therefore a complex class configuration. The articulation of different modes of production is contradictory and is always accomplished under the domination of one particular mode of production. (Productive processes which do not lead to relations of exploitation –production and detachment of the surplus-product– as is the case with the self-employed producer, [simple commodity production], do not constitute a mode of production, but a *form of production*). The domination of one mode of production (and particularly of the capitalist mode of production) is connected to the tendency towards the dissolution of all the other *competing* modes of production. However, there are always tendencies that counteract to this perspective: The (political, economic, ideological) strength of pre-capitalist oligarchies may prevent the dissolution of pre-capitalist modes of production and block capitalist development.

5. Presuppositions for Capitalist Development

From the discussion on the Marxist concept of the capitalist mode of production we may conclude that economic development presupposes the prevalence and expanded reproduction of that mode of production. Consequently, the question with regard to development is the following: On what conditions pre-capitalist social structures are replaced by the capitalist mode of production, or to what extent they may constitute an impediment to capitalist development.

This question implies a preliminary methodological conclusion, which is derived from the above analysis: The *rejection of all “prognoses” before the completion of a*

concrete analysis. In other words, one shall avoid dogmatism both in its positive (“all countries will inevitably follow the same historical stages of development”) as well as its negative (“Less Developed Countries [LDCs], or ‘peripheral’ countries will remain underdeveloped”) variants.³

We understand therefore that Marxist analysis recognizes mainly the *possibility of capitalism (and of capitalist development)* emerging as a *consequence of class struggle* and outlines the prerequisites for such a historical development. The final domination or the deflection of this tendency is not a given a priori, deriving e.g. from some a-historical, always present, propensity to technical progress; its outcome is always determined by existing social relations of power.

Marx wrote in a famous 1881 letter to the Russian socialist Vera Zasulich:

“I have shown in *Capital* that the transformation of feudal production into capitalist production has as a starting point the expropriation of producers, which mainly means that the expropriation of the peasants is the basis of this whole process (...) I restricted, therefore, this ‘historical inevitability’ to the ‘countries of western Europe’ (...) Surely, if capitalist production is to establish its domination in Russia, then the great majority of the peasants, that is of the Russian people, must be transformed into wage-earners and consequently expropriated, through the previous abolition of their common property. But in any way the precedent of the West will prove here absolutely nothing (...) What threatens the life of the Russian community, is neither a historical inevitability, nor a theory; it is the oppression by the side of the state and the exploitation by the intruding capitalists, who are becoming powerful with the support of this same state and to the disadvantage of the peasants” (MEW, Vol. 19: 396-400).

Lenin’s methodology followed the same path, avoiding dogmatism in its positive (“all countries will inevitably follow the same historical stages”) as well as its negative (“LDCs or ‘peripheral’ countries will remain underdeveloped / will not achieve anything but ‘development of underdevelopment’” etc.) variants. In 1894 he wrote:

“No Marxist has ever argued anywhere that there ‘must be’ capitalism in Russia ‘because’ there was capitalism in the West, and so on (...). No Marxist has ever regarded Marx’s theory as some universally compulsory philosophical scheme of history, as anything more than an explanation of a particular social-economic formation” (LCW Vol. 1: 192).

According to Lenin, the concrete analysis, and not some general theoretical premises, will determine whether a country is capitalist or not, and whether it is or is not moving towards capitalist development.

Only in the event of the capitalist mode of production becoming through class struggle fully dominant in a social formation is capitalist development (and the technical progress interrelated with it) established as an inherent tendency of social evolution: Favored by the absence of pre-capitalist social structures, capital

³ Many authors, including a number of neo-Marxists, have portrayed classical Marxist thought, and in particular the writings of Marx himself, as the vehicle for a “progressivist prognosis” of history, according to which all countries will inevitably go through the same stages of economic and social evolution, from pre-capitalist forms to developed capitalism, and culminating in socialism. (For a brief overview of these approaches see Goodman-Redclift 1982, pp. 24 ff.). Although such formulations can be found in the work of Marx and Engels, particularly in their political writings, there is no “progressivist prognosis” in the economic writings of Marx’s maturity. On the contrary, in these writings Marx simply outlined the *prerequisites* for the prevalence of capitalism over pre-capitalist social forms.

accumulation, (on the condition that capital has achieved the intense exploitation of wage-labor), may lead to high growth rates of the economy, (temporarily interrupted by cyclical crises):

“But this inherent tendency to capitalist production does not become adequately realized – it does not become indispensable, and that also means technologically indispensable– until the specific mode of capitalist production and hence the real subsumption of labor under capital has become a reality” (Marx 1990: 1037).

The problem of capitalist development has therefore to do *not* with the inherent dynamics of the capitalist mode of production, but with the possibility and the extent of its domination in a specific social formation (society); it can be, therefore, stated *only on the level of the (capitalist) social formation*. On this level, *the existence of antagonistic (non-capitalist) modes of production, but also the ensemble of the “external determinations”* (in regard to the laws of capital accumulation which refer to the CMP) *determine the possibilities or limits, the rates and the direction of capitalist development*.

The variable patterns of capitalist development can be considered, therefore, a result of the class struggle. Particular forms of the class struggle determine the historical ability of capital, of the bourgeoisie, in the interior of an existing social formation, to establish its power and hegemony on all social levels (economic, political, ideological).

The decisive socio-economic characteristic of the underdeveloped countries is, conversely, a social relation of forces, in other words, an ensemble of “external” determinations, that hinders the expanded reproduction of capitalist power relations, which are, thus, “confined”, socially and spatially, in the so-called “capitalist-enclosures” (Hurtienne 1981).

6. Globalization as an impediment to the development of LDCs

We have argued so far that the ensemble of historical determinations that are external to the CMP, but act through it, i.e. mainly the power and force relations in the class struggle, decide on both the possibility and also the rates of capitalist development. Having asserted this thesis which is fundamental to my argument, it is necessary now to focus on the role of Globalization as one important such determination.

It is beyond any doubt that one has to count the international connections of a social formation in the framework of the “global system” among the very important “external” –to the CPM– relations that determine capitalist development. These connections are, of course, of both an economic (world market, internationalization of production, international capital movements, currency parities, speculation etc.) and a political-military nature. Speaking on an abstract level, the overall effect of the international relations may act either to accelerate or to retard capitalist development, depending on the type of articulation of the given social formation within the context of the world imperialist framework. This type of articulation is, though, determined by the economic and social structure of the given social formation.

In other words, the decisive factor is again the internal economic and class relations. Imperialist relations do not constitute the “General Cause” that creates power relations in the underdeveloped countries. Conversely, it is the structural characteristics of these power relations that impose the specific aspect or position of a

social formation within the imperialist framework. If, in the conjuncture produced by the class struggle, the capitalist social forces in a LDC succeed to establish an economic, political and social hegemony over both the working class and the classes belonging to the non-capitalist modes of production, so that a process of rapid capitalist development is initiated, then the international role of the given country can no longer remain that of an “agrarian appendage” or of a “raw materials supplier”. This is today exactly the case of the NICs (Menzel 1985). This example, however, also pertains to the past experience of some of the traditional industrial countries where capitalist development was initiated later than that of Britain’s industrial take-off (for example, the Scandinavian countries, Senghaas 1982).

The improvement of the position in international competition of some developing countries and especially the South East Asian NICs is mainly the result of the consolidation of capital relations in these countries, the formation of a skilled and obedient collective worker and an increase in the rate of surplus value exploitation. Only under such transformations can the low wages of the NICs be a viable factor for foreign direct investment location decisions.⁴

What I would like to stress closing this Section, is that globalization, favoring deregulation of markets and openness of economic borders, i.e. the direct exposure of domestic production to international competition, decelerates economic development and the dissolution of pre-capitalist and pre-industrial production forms in many LDCs. It is well known even to mainstream thinking that most domestic enterprises in these countries need the state umbrella of economic protection to cope with their more developed foreign competitors not only on the international but also on the domestic market. Globalization favors therefore import intrusion, retards domestic capitalist accumulation and, therefore, stabilizes the power position of pre-capitalist oligarchies or pre-industrial capitalist forms (the buyer-up and the whole domestic putting-out system).

The question then arises, why, despite the above, the ruling capitalist classes in most LDCs favor the neoliberal agenda of globalization. The answer is not difficult to be given; these classes are united with globalized capital fractions, financial markets and local oligarchies in the way that small capital always unites with big capital: in their antagonism and struggle with the laboring classes of society.

The increase in capital profitability can never be a matter of “consensus” between capital and labor, as social-democratic thinking always argued. Marx’s analysis of capitalism shows that the ability of the capitalist class to reorganize production, to modernize the means of production and to economize on constant capital (as the only way out of crises of over-accumulation) is not a technical aspect of the economy but an outcome of the social relation of forces, anchored in class struggle. Restructuring the enterprise, above all, means restructuring a set of social (class) relations and aims at increasing the rate of exploitation. It is thus a process which presupposes on the one *hand an increasing power of the capitalist class over the production process itself*, and on the other *a devalorization of all inadequately valorized capital* (downsizing or liquidating enterprises) and thus economizing on the utilization of constant capital. It therefore presupposes not only increasing despotism of managers over workers (the suppression of all trade union or institutional barriers to “enterprise culture” and the

⁴ A country which seems to take advantage of globalization is China. A study of this case has to take into account the concrete characteristics of the production relations in the country, their course of change during the last decades, China’s role in international politics and the way that the Chinese social formation articulates with the “world economy”.

vested interests of capital) but also increasing unemployment. Consequently, *economic restructuring is synonymous with the capitalist offensive against labor.*

7. Capitalist Expansionism as an “Aspect of Development”

According to the Marxist analysis presented up to this point, it follows that capitalist development shall not be comprehended as “economic progress and/or welfare”, but as the expanded reproduction of an exploitative relation of class power: the capital relation. This expanded reproduction of capitalism is expansionist in nature.

7.1 Colonisation as an historical form of capitalist expansionism

Marx’s writings have shown that from the dynamic of the capitalist mode of production (at every social level) there emerges the tendency towards expansion of the dominion of *every* capitalist social formation beyond its boundaries. Capitalist expansionism has as one of its deep foundations the internationalization of capital, the extension of the economic activity of individual capitals beyond the boundaries of the country from which they start out. People and flags are often impelled to follow the international expansion (of the influence) of individual capitals. Nevertheless, the active vehicles of the expansionism at each individual conjuncture are not just “economic interests”. “State interest” and “national interest” are just as frequently encountered, as capital, state and nation are inter-related aspects of one and the same social system.

The first form of capitalist class power, pre-industrial-commercial capitalism, is linked to the emergence of the absolutist state. The *absolutist* state is a *bourgeois state*. It comprises the type of political power that safeguards the transition from feudalism to capitalism, subsequently stabilising the social power of capital:

“What [...] took place in the age of merchant capital (the 16th and 17th centuries) was the accumulation of huge capitals in the hands of the commercial bourgeoisie [...]. The transition from feudal to capitalist economy enjoyed the active promotion of *state authorities*, whose increasing centralization ran parallel with the growing strength of merchant capital [...]. To smash through the privileges of the estate holders and towns, a strong crown was essential. But the bourgeoisie also needed a powerful state to protect its international trade, to conquer colonies, and to fight for hegemony over the world market” (Rubin 1989: 24-5).

In this context, the absolutist state becomes the vehicle for unbridled territorial expansionism, of colonialism by the developed (by the criteria of the times) capitalist countries.

Marx regarded colonialism as a basic aspect of the historical process of “primitive accumulation of capital” and thus as one of the historical prerequisites for the reign of the capitalist mode of production and the transition from pre-industrial (manufactory) to industrial capitalism:

“The colonial system ripened trade and navigation as in a hot-house [...] The colonies provided a market for the budding manufactures, and a vast increase in accumulation which was guaranteed by the mother country’s monopoly of the market. The treasures captured outside Europe by undisguised looting, enslavement and murder flowed back to the mother country and were turned into capital there” (Marx 1990: 918).

Nevertheless, colonialism continued even after the victory of industrial capitalism and the formation of gigantic enterprises. In the new historical period, also, it functioned as a vehicle for extended reproduction of capital and the social and political processes structurally interconnected with it:

“On the one hand, the immediate effect of machinery is to increase the supply of raw material [...] On the other hand, the cheapness of the articles produced by machinery, and the revolution in means of transport and communication provide the weapons for the conquering of foreign markets. By ruining handicraft production of finished articles in other countries, machinery forcibly converts them into fields for the production of its raw material. [...] By constantly turning workers into ‘supernumeraries,’ large scale industry, in all countries where it has taken root, spurs on rapid increases in emigration and the colonization of foreign lands, which are thereby converted into settlements for growing the raw material of the mother country, just as Australia, for example, was converted into a colony for growing wool” (Marx 1990: 579).

The antagonisms between the world’s major capitalist countries led in the last quarter of the nineteenth century to clashes for the control of whatever overseas territories had not yet come under the colonial yoke, and also for the redistribution of colonies, in parallel with the development of nationalism in all capitalist countries. In the period between 1876 and 1900 the colonial territories of the eight most important colonial powers expanded from 46.4 million square kilometres with 314 million inhabitants to 72.9 million square kilometres with 530 million inhabitants.

Colonialism survived until after the Second World War, when the development of the anti-colonial movements and local bourgeois classes in the colonies imposed the creation of independent capitalist or state-capitalist states.

Colonialism had played an important role in the transformation of social relations towards capitalism and in capital accumulation on a global scale. However, it was not a necessary accompaniment to or a sine qua non prerequisite of the expanded reproduction of social-capital, as one may conclude not only from historical development but also from Marxist theory (e.g. Marx’s analysis on the “Reproduction and Circulation of Aggregate Social Capital” in Vol. 2 of *Capital*, Marx 1992, see also Tugan-Baranowsky 1969 & 2000, Milios et al 2002: 162-188).

The collapse of colonialism is an important breach in the history of world capitalism, which shall not be underestimated, e.g. in the mode of “dependency theories”, who claim that ex-colonial territories continue to be under a “neo-colonial” yoke.⁵ Since the eclipse of colonialism, all capitalist social formations, depending on their “strength”, develop other (non-colonial) forms of (economic, political, or/and ideological) expansionism.

7.2 Theories of imperialism as interpretation of capitalist rule, its tendencies towards expansion and of periodisation of capitalism

In the conjuncture of sharpening antagonism between the major capitalist powers over the colonies, in 1902, the journalist and writer J.A. Hobson focused on a new popular term to describe the phenomena of his age: *imperialism*. In his book of the same name (*Imperialism. A study*) he maintained that capitalism had become

⁵ For a critique of “dependency” and “metropolis-periphery” theories see Milios 1988; also Milios 1989.

imperialism, as it had entered a phase of “over-saving” and “over-production”,⁶ which is a phase of “parasitism” and decline⁷.

Hobson distinguished between (early) colonialism and “imperialism” on the basis of an argument purely apologetic for colonial expansion: He claimed that pre-imperialist colonialism aimed at propagating civilisation and industry to the “temperate zones”⁸.

Many of the ideas of Hobson influenced the Marxist theories of imperialism that were formulated a few years later.

Following Hobson, the Marxist theories of imperialism explicitly distinguished between the early colonialism and the corresponding phenomena of the “latest” phase of capitalism to which, exclusively, they gave the name of “imperialism” – without following, though, Hobson’s apologetic argument concerning the “civilising effect” of early colonialism. Marxist writers claimed that the “latest phase” of capitalism was the outcome of the “domination of monopolies”.

Rudolf Hilferding (1877-1941) in his *Finance Capital*, was the writer who introduced into Marxist theory this idea of a “latest phase” of capitalism, which is characterised by the following features (Milios 1999, 2001): the formation of monopolistic enterprises (which put aside capitalist competition); the fusion of bank and industrial capital (leading thus to the formation of finance capital, which is considered to be the ultimate form of capital); the subordination of the state to monopolies and the finance capital; finally, the formation of an expansionist policy of colonial annexations and war.⁹

The idea of a “latest”, monopolistic-imperialist stage of capitalism, possessing the above described features was adopted by Bukharin, Lenin, Kautsky and others, (despite the disputes among them, in relation to specific features of this approach or its political consequences), shaping thus what is called the Marxist theories of

⁶ “The over-saving which is the economic root of imperialism is found by analysis to consist of rents, monopoly profits, and other unearned or excessive element of income [...] Thus we reach the conclusion that Imperialism is the endeavour of the great controllers of industry to broaden their channel for the flow of their surplus wealth by seeking foreign markets and foreign investments to take off the goods and capital they cannot sell or use at home [...] The prime object of the trust or other combine is to remedy this waste and loss (caused by unemployed capital, J.M.) by substituting regulation of output for reckless over-production” (Hobson 2005: 85).

⁷ According to Hobson, imperialism “might introduce the gigantic peril of a Western parasitism, a group of advanced industrial nations, whose upper classes drew vast tribute from Asia and Africa with which they supported great tame masses of retainers, no longer engaged in the staple industries of agriculture and manufacture, but kept in the performance of personal or minor industrial services under the control of a new financial aristocracy [...] If the ruling classes of the Western nations could realize their interests in such a combination [...] the opportunity of a parasitic Imperialism which should reproduce upon a vaster scale many of the main features of the latter Roman Empire visibly presents itself” (Hobson 2005: 364-5).

⁸ “Thus this recent imperial expansion stands entirely distinct from the colonisation of sparsely peopled lands in temperate zones, where white colonists carry with them the modes of government, the industrial and other arts of the civilisation of the mother country” (Hobson 2005: 27).

⁹ “Finance capital signifies the unification of capital. The previously separate spheres of industrial, commercial and bank capital are brought under the common direction of high finance, in which the masters of industry and of the banks are united in a close personal association. The basis of this association is the elimination of free competition among individual capitalists by the large monopolistic combines. This naturally involves at the same time a change in the relation of the capitalist class to state power” (Hilferding 1981: 301). “The policy of finance capital has three objectives: (1) to establish the largest possible territory; (2) to close this territory to foreign competition by a wall of protective tariffs, and consequently (3) to reserve it as an area of exploitation for the national monopolistic combinations” (Hilferding 1981: 326).

monopoly capitalism, that dominated, until recently, most Marxist streams of thought, and especially Soviet Marxism (see Abalkin et al 1983, Brewer 1980, Milios 1988).

7.3. Regression: A Critique to the notion of “Monopoly Capitalism”

According to Marx, capital constitutes a historically specific social relation of exploitation and domination. This relation manifests itself in the first instance in the commodity character of the economy, in the general exchangeability (through money) of the products of labour on the market. The capital - wage labour relationship can be first of all analysed at the level of the isolated unit of capitalist production, the enterprise, which Marx calls *individual capital*. But this relationship also, and especially, acts at the level of *social capital*, i.e. the capitalist economy as a whole, where the immanent causal structures (“laws”) of the system apply.

Social capital is thus the concept of capital at the level of the capitalist economy as a whole, i.e. it is the complex concept embracing empirically detectable regularities of a capitalist economy, but also all the “laws” –the hidden causal determinants– of the capitalist system (the capitalist mode of production). At this level of social capital, the individual “capitalist is simply personified capital, functioning in the production process simply as the bearer of capital” (Marx 1991: 958).

The immanent causal relationships governing the capitalist economy transform *through competition* the totality of individual capitals into elements of *social capital*, i.e. they situate them within an *economic system*, which then exercises a conditioning influence on them.

As Marx puts it:

“*Free competition* is the relation of capital to itself as another capital, i.e. the real conduct of capital as capital. The inner laws of capital [...] are for the first time posited as laws; production founded on capital for the first time posits itself in the forms adequate to it only in so far as and to the extent that free competition develops, for it is the free development of the mode of production founded on capital; [...] Free competition is the real development of capital. *By its means*, what corresponds to the nature of capital is posited as external necessity for the individual capital; what corresponds to the concept of capital, is posited as external necessity for the mode of production founded on capital [...] is the *free*, at the same time the *real* development of wealth as capital” (Marx 1993: 650-1).

Marxist theory therefore proceeds on the assumption that free competition is a *structural feature* of the capital relation, which clearly cannot be abolished: it belongs to the structural elements of the capitalist system as such, irrespective of its specific forms of appearance¹⁰ or its level of development.

The development of capitalism, the constant restructuring of capitalist production, can be associated only with the evolution, not with the abolition, of free competition. Social capital is associated with the predominance of the tendency towards equalisation, through competition, of the general rate of profit, which is the condition that ensures the self-organisation of individual capitals into a ruling capitalist class:

¹⁰ As Marx himself noted in the Preface to the first edition of volume 1 of *Capital*: “What I have to examine in this work is the capitalist mode of production, and the relations of production and forms of intercourse that correspond to it” (Marx 1990: 90); and in volume 3 of *Capital* he stated: “we are only out to present the internal organization of the capitalist mode of production, its ideal average” (Marx 1991: 970).

“The various different capitals here are in the position of shareholders in a joint-stock company” (Marx 1991: 258). “This is the form in which capital becomes conscious of itself as a *social power*, in which every capitalist participates in proportion to his share in the total social capital” (Marx 1991: 297).

“Freedom of capital”, its concentration and centralisation and its capacity to move from one sphere of production to another – mobility facilitated by the credit system and necessitated by competition, because every individual capital seeks employment where it can achieve the highest rate of profit – are the terms which secure the predominance of the tendency towards *equalisation* of the rate of profit. It is according to this theoretical reasoning that “the predominance of capital is the presupposition of free competition” (Marx 1993: 651) and free competition shall be regarded as an indispensable feature of the capitalist mode of production.

An individual capital does not compete only with other individual capitals. It competes also with itself, on the search for a higher profit rate: it abandons less profitable techniques or processes of production or products, favouring only those techniques, processes and products that may raise its profit rate. With the same criterion it makes use of financial processes or products and raises loans (see also Bryan and Rafferty 2006). Competition is an attribute of the Marxian notion of capital.

Monopoly is accordingly not the polar opposite of free competition. It is a form of individual capital, which on account of its peculiar position in the capitalist production process earns higher-than-average profit. It is created precisely within the framework of free competition: not outside of and/or alongside free competition but through free competition and as one of its constituent elements.

The positing of a supposed antithesis between free competition and monopoly, the central tenet of all theories of “monopoly capitalism”, is based on an arbitrary ideological displacement: it evokes an empirically verifiable phenomenon, the tendency towards concentration and centralisation of capital and the establishment of very large corporations, but gives no sign of being able to comprehend this phenomenon. It does not take into account that while monopoly pertains to the theoretical category of individual capital, free competition by contrast relates exclusively to the category of social capital and is the pre-eminent condition for integration of the individual capitals into what is conceived as the capitalist system.

By introducing the idea of “the elimination of free competition among individual capitalists by the large monopolistic combines” (Hilferding 1981: 301), Hilferding replaces Marx’s “macroeconomic” view with a “microeconomic” approach, according to which the characteristics of the supposedly “dominant form” of enterprise (monopolistic individual capital) shape the whole capitalist system (the social capital) and determine its patterns of evolution and change (Michaelides & Milios 2005). What we have here is an inversion of the flow of cause and effect in the relationship between social capital and individual capital, which constitutes a paradigm shift within Marxist economic theory.¹¹

The above conclusion concerning the paradigm shift introduced in Marxist economic theory by Hilferding’s *Finance Capital* may be further elucidated on the basis of Marx’s monopoly theory in Volume 3 of *Capital*. This theory is explicitly

¹¹ Contrary to Soviet Marxists and other descendants of his theory of “monopoly capitalism”, Hilferding himself was frank enough to admit that his approach was not compatible with Marx’s value theory: “It seems that the monopolistic combine, while it confirms Marx’s theory of concentration, at the same time tends to undermine his theory of value” (Hilferding 1981: 228).

formulated by Marx, contrary to the belief that monopolies can be studied only in the framework of the “latest phase” of capitalism, which was supposedly formed only after Marx’s death.

Marx’s theses can be summarised as follows. The fact that there is a tendency towards equalisation of the rate of profit, that causes individual capitals to constitute themselves as social capital, does not mean that at any given moment the rates of profit of different individual capitals will automatically be equal. A monopoly was thus defined in Marx’s theory as an individual capital which systematically earns an above-average (“extra”) rate of profit (and not as a company which monopolises the market).

Marx in *Capital* draws a distinction between two major types of monopoly: natural and artificial monopolies. Natural monopolies arise from monopolistic possession of the elements of production in their natural form, which leads to increased productivity (in relation to the social average) and increased (monopoly) profit (Marx 1991: 784-5). Artificial monopolies also establish their monopoly status on the basis of conditions of labour productivity higher than the social average within a certain branch of production. However, in this case the higher-than-average productivity derives not from monopolisation of a natural resource but from the technological superiority of the specific individual capital in relation to average conditions in its own specialised branch of production. This technological superiority is reflected in above average profit rates (Marx 1990: 434).¹²

It is crucial to note at this point, that according to Marx’s analysis, and contrary to Hilferding, all monopolies must be short-lived, as extra profit always vanishes in competition. The extra profit enjoyed by an artificial monopoly “acting as a coercive law of competition, forces his competitors to adopt the new method [of production]” (Marx 1990: 436). Artificial monopoly is thus brought into existence through free competition and abides in the midst of it, although at the same time its monopoly position is under continual threat from competition. The same is true of natural monopoly, given that its superiority in productivity, which derives from monopolisation of a natural resource by the specific individual capital, may very well be forfeited as a result of technical innovations introduced by its competitors. As extra profits (which characterise any monopoly) function as an incentive to technical innovation and cost reduction for other individual capitals, the tendency towards the generalisation of the most productive techniques prevails.

At this point we can recapitulate: Monopolies do not shape contemporary capitalism, nor they abolish free capitalist competition. They are forms of individual capital, subjected to the social predominance of the capital relation, which is secured and elaborated in its adequate forms by means of the equalising processes imposed by free capitalist competition. So the claim of the “monopoly capitalism” theories that monopolies suppress the tendency towards equalisation of the general rate of profit in essence distort or even abolish the Marxist category of social capital, i.e. the central tenet of Marxist theory of the capitalist mode of production (Marx’s theory of value and capital). On this point Marx is unequivocal:

“Capital arrives at this equalisation [of the general rate of profit] to a greater or lesser extent, according to how advanced capitalist development is in a given national society:

¹² Marx referred to a third type of monopoly, which may come into existence, in the sphere of circulation of commodities (the market). He named this type of monopoly the accidental monopoly. The term is applied to certain individual capitals, which are able to secure extra profit by exploiting conjunctural or more permanent imbalances and fluctuations of supply and demand in the market (Marx 1991: 297).

i.e. the more the conditions in the country in question are adapted to the capitalist mode of production” (Marx 1991: 297).

8. Critical Remarks with Regard to the Theory of Imperialism

Beyond the fact that the concepts of “world capitalism” and “monopoly capitalism” are theoretically unsubstantiated, whereas approaches of underconsumption, declaring a permanent “excess supply” or “excess production” under capitalism are also theoretically unfounded (for a detailed treatment see Milios et al 2002: 112-118, 158-205), traditional theories of imperialism, as interpretations of either capitalist domination or development are problematic from a number of viewpoints:

Given the arbitrary distinction between the first historical period of colonialism and the later period, with the attendant identification of imperialism exclusively with the developed industrial capitalist economy (which is falsely interpreted in terms of “the monopolies”, “excess of capital” etc.), two significant *results of misinterpretations* emerge:

1) On the one hand there is an underestimation of the *tendency towards expansionism that is innate in every form of capitalist domination*, as (a) the expansionism and colonialism that preceded the period of so-called “monopoly capitalism” is bracketed off as if it did not emerge from *tendencies inherent in capitalism*, while (b) the expansionism of the less developed capitalist states (which are not included in the supposed “ripe” or “monopoly capitalism” stage), is entirely ignored (e.g. Iran-Iraq war, Vietnam-Cambodia etc.). Thus national and intra-state antagonisms (in the former Soviet Union, in former Yugoslavia, in Cyprus, etc.) are interpreted as the result of an “imperialist conspiracy”.¹³

2) On the other hand Marxism tends to be converted into economism, i.e. into a theory which derives historical developments *immediately* from economic developments. However, it is not only the dynamic of capitalist accumulation (“monopolies” etc.) that creates the pressures for economic, political or territorial expansion of a social-national capital. The dynamic of state power and the dynamic of the nation work in the same direction.

The demand for “national unification and integration” is often the motive force for annexation of territories where a minority of fellow-nationals of the country carrying out (or attempting) the annexation exists, or – as is even more likely – predominates economically and/or culturally, or else where the national culture is supposed to have been present in the historical past. This is the situation both with Germany in the interwar period and Greece from the time of establishment of the modern Greek state (1821) up to the so-called Asia-Minor-disaster in 1922.

Historical development (including, of course, economic development) cannot be explained on the basis of the “initiatives” of great powers or multinational companies or the “interests” of “global capital”, as both are subjected to the causal structures immanent in the capitalist mode of production and to the relation of (national and international) class forces formed in each specific historical conjuncture.

¹³ Perhaps the most significant consequence of the preceding, particularly in relation to the national-state-centred organization of capitalist dominion, is that the limits to capitalist expansionism of any country are always the limits of capitalist power within the social formation towards which it is oriented. This means that *in the absence of victorious war of conquest* no total-social capital and correspondingly no country can acquire economic, political and ideological influence abroad if it does not *link up with or form an alliance with some specific interest groups there*, if it does not exploit processes and conflicts in the regions it proposes to penetrate and influence.

If the traditional “anti-imperialist” problematique is of little use for the Lebanese Left, to interpret or take stance on the Syrian invasion in the country, so it is also the case for the Serbian or the Croatian Left, in their effort to interpret or take stance to the war in former Yugoslavia. In both, as in all other, cases, the role of the local ruling classes and the expansionist tendencies of their power, as well as of nationalism as a process of imposing capitalist interests to the labouring classes shall be taken into account.

Obviously in the pursuit of international influence the hegemonic powers of the advanced capitalist world can claim the lion’s share.¹⁴

Recapitulating the above analysis I would say that a theory of imperialism, if based on Marx’s theory of capitalism, shall on the one hand reject the monopoly-capitalism approach and on the other adopt a broader definition of imperialism, denoting the (economic, political and ideological) expansionist tendencies inherent in every system of capitalist power (in every capitalist social formation).

In this theoretical context, a strategy aiming at defending certain capitalist national states against the “new world order”, can by no means be regarded as an answer to the strategies of capitalism –not even those put forward by the capitalist “great powers”– and a prerequisite for social change.¹⁵ The state, as the centre for the exercise of capitalist class power is the mechanism for concentrating the generalized social violence of capital, a vehicle for international alliances of the (national) bourgeois classes and at the same time a machine for promoting the expansionism of each country’s social capital.¹⁶ If the “nationally thinking” Left identifies only the “new order” and “American imperialism” as enemy “of the peoples”, that is because for a long time it has been in a state of compromise with the (local) capitalist power and exploitation, which it seeks to embellish and promote in the name of “national rights”, “national independence”, “economic development”, and so on.

9. Conclusions

We have approached the problem of capitalist social relations and economic development from the point of view of the Marxist theory of the modes of production and shown that the processes in question shall be comprehended neither as a result connected with globalization nor as the outcome of the “will” of imperialist countries. It is an outcome pertinent to the historical conjuncture of class struggle and the specific forms of capitalist social power and domination in a country. In other words, the enforcement and expanded reproduction of capitalist accumulation in a social formation is decided by the class struggle. It is, in other words, a contingent outcome that varies according to the specific historical circumstances in each social formation.

We have also reached the conclusion that neoliberal policies of globalization impede capitalist development in LDCs, favouring foreign competitors from the developed countries, financial markets and local pre-capitalist or pre-industrial

¹⁴ But not always. The dominant bourgeois powers of the Muslim majority in Lebanon found in Syria the suitable ally for preserving their power in the country. The Syrian military presence in Lebanon lasted from May 2000 to April 2005. The Vietnamese military presence in Cambodia lasted from 1978 to 1989.

¹⁵ The idea is actually an old one. J.A. Hobson wrote in 1902: “Analysis of Imperialism, with its natural supports, militarism, oligarchy, bureaucracy, protectionism, concentration of capital and violent trade fluctuations, has marked out as the supreme danger of modern national States [...] the interests of the nation are opposed to every act of this expansive policy” (Hobson 2005: 360 & 362).

¹⁶ A different analysis is required for countries under occupation. Such an analysis is however beyond the scope of the present text.

structures. However, the consequence for the labouring classes cannot be a strategy for development, apart from the strategy of radical change aiming at overthrowing capitalism and displacing it with an egalitarian and humane social order –i.e. socialism and communism.

The working class must once again elaborate its own autonomous class objectives, independently of the capitalist imperative of profit maximization and capitalist accumulation, i.e. capitalist development. Capitalist development has never been a prerequisite for social revolution. Lenin was well aware of this fact long before October 1917:

“Marx’s communist program was drawn up before 1848 (...) The smallness of the working class at that time may be judged from the fact that 27 years later, in 1875, Marx wrote that ‘the majority of the toiling people in Germany consists of peasants and not of proletarians’” (LCW Vol. 1: 319).

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