

OCCASIONAL PAPER

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Is Imperialism a Relevant Concept in
Today's World?

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Is Imperialism a Relevant Concept in Today's World?

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Abstract

This paper explores some aspects of the imperialism/empire/new imperialism debate and looks at whether imperialism remains to be a valid theoretical category in analyzing contemporary economics and politics. Stylized facts about the contemporary world economy are enumerated on the basis of macroeconomic data, which map the changing political economy of imperialism, from 'old' to 'new'.

I. Introduction

It can be argued, as has been argued by many scholars, including Marxists, that imperialism as a concept of political economy and understanding the world that we live in, has become obsolete today. This assertion can be made on the basis of a set of (not necessarily mutually exclusive) arguments about the contemporary world. Let us first enumerate these arguments in no particular order of priority.

- (a) *Spatial Dimension*: It can be argued that a division of the world into two clear segments, with one oppressing the other, is no longer valid. Hardt and Negri in their well acclaimed book *Empire* say that, "we find the First World in the Third, the Third in the First, and the Second almost nowhere at all".² In other words, a distinction of the kind

1. Assistant Professor of Economics, IDSK. The author would like to acknowledge a research grant from the Indian Council of Social Science Research (ICSSR), for working on the theme, 'Imperialism in the Current Era'. Special thanks to Prasenjit Bose for providing key insights for writing the paper.

2. *Empire*, Michael Hardt and Antonio Negri, Harvard University Press, 2000.

that could have been talked about during the colonial era or even during the post-colonial era till the 1970s, of a world which can be distinctly divided into an advanced and a backward section is no more valid. Moreover, the argument does not deny the existence of the third world per se, but asserts that that existence is an inheritance from the past and currently, there is no section of the world oppressing the other.

Theories of imperialism ranging from Rosa Luxemburg to Lenin have emphasized on imperialism as being a structure whereby the advanced capitalist countries oppress the poorer third world countries. In Rosa Luxemburg's theory, capitalism cannot exist as an isolated system and needs a pre-capitalist sector for realizing its surplus value. In order to do so, capitalism continuously attacks the pre-capitalist sector for its own growth and survival. Geographically, bulk of this pre-capitalist sector is located in the third world countries. This oppression of the pre-capitalist sector by the capitalist sector, or the oppression of the third world countries by the advanced countries is what constitutes imperialism in Luxemburg's theory.³ Lenin too talked about the oppression of the majority of the people of the colonies by the advanced countries in his book *Imperialism*.⁴ Therefore, if it is no longer the case that there is a spatial distinction between a set of countries who oppress another set of countries, then imperialism as a category undoubtedly loses its significance.

(b) *Decolonization*: The process of decolonization of the erstwhile colonies has been completed. Clearly, today, the colonies or today's developing countries are politically independent. Lenin was talking about a time when the

3. For a detailed discussion on Rosa Luxemburg's theory of imperialism see *The Value of Money*, Prabhat Patnaik, Tulika Press, 2008.

4. *Imperialism: The Highest Stage of Capitalism*, V.I. Lenin, Leftword Books, 2000.

capitalist countries in aid of their respective nation-state based monopoly capital were marking out territories for exploitation. This entire architecture, at least at the political level, does not exist anymore. This marks an important departure from the world conjuncture in Lenin's time.

- (c) *Capitalist Development in Developing Countries*: There has been a set of arguments in various strands of Marxist thought, which talked about imperialism retarding the development of capitalism in developing countries. Paul Baran in his book *The Political Economy of Growth*⁵ argues that because a significant part of the surplus of the developing countries has been siphoned off by the advanced countries through imperialism, the capitalist development in the first set of countries has got adversely affected. The entire dependency school essentially argues that the underdevelopment in the periphery is a direct result of the development in the metropolis. In other words, it is imperialism which denies capitalist development in the periphery.

It can be argued that this entire theoretical structure of imperialism has become invalid. There is significant capitalist development in the developing countries of today. For example, in China there has been massive capitalist development with the country now being the second largest economy and the highest exporter in the world. Even in India, there has been significant capitalist development.⁶ This can be further buttressed by the fact that China

5. *The Political Economy of Growth*, Paul Baran, Monthly Review Press, 1957

6. For a detailed discussion on the recent debates on developments in India and China, see *Transformation and Development: The Political Economy of Transition in India and China*, Amiya Kumar Bagchi and Anthony P. D'Costa (Editors), Oxford University Press, 2012. For a critique of the Chinese growth process, see *China and Socialism: Market Reforms and Class Struggle*, Martin Hart-Landsberg & Paul Burkett, Aakar, 2006.

currently has 152 dollar billionaires which is the second highest in the world, after USA.⁷ In the list of Fortune 500 companies of 2013, there were 89 companies from China, again ranking second only after the USA. India had 8 companies in the list, same as that of Italy, Australia, etc.⁸ The cities of countries like India, China, Brazil, etc are comparable to the mega cities located in advanced capitalist countries. The economies of these countries are located within the overall circuit of global capital, through globalization. As a result, these economies have access to global finance, markets and technology. Therefore, imperialism thwarting capitalist development of developing countries is no longer true in today's world, at least for a set of significantly large countries.

- (d) *International Division of Labour*: It was argued by many theories of Marxist and other persuasions that imperialism essentially imposed an international division of labour whereby the world economy could be envisaged as being divided into two segments—the developing countries producing primary commodities and the developed countries producing manufacturing commodities.⁹

This idea of international division of labour has also become irrelevant in the current era. Currently, we are witnessing countries like China, or other countries of East Asia emerging as major manufacturing hub in the world. If we consider developing countries as a whole, then it is seen that the share of manufactured goods in the total exports of developing countries has increased from 5.1% in 1960 to 34.2% in 2006.¹⁰ Therefore, it can be concluded that the

7. http://en.wikipedia.org/wiki/List_of_countries_by_the_number_of_US_dollar_billionaires

8. http://en.wikipedia.org/wiki/Fortune_Global_500

9. See 'Accumulation and stability under Capitalism' by Prabhat Pattnaik, Clarendon Press, 1997

10. "Developing Countries in the World Economy: The Future in the Past?", Deepak Nayyar, WIDER Annual Lecture 12, 23 February 2009

earlier notion of developing countries exporting only primary commodities is no longer true.

- (e) *Issue of capital flows and FDI:* Earlier it was the case that capital from the developed countries was wary in investing in developing countries because of a number of factors.¹¹ But now, with globalization there is a free flow of capital across the world and the developing countries have become a preferred destination for capital inflows. According to the World Investment Report 2012, in 2011, China was the most preferred destination for inward FDI followed by the USA and India. Other developing countries like Indonesia, Brazil, Thailand, Vietnam figure within the top 15 preferred FDI destinations in the world. According to the same report, in 2011, developing and transition economies accounted for 50.9% of total FDI inflows. East, South-east and South Asia together accounted for 24.6% of total FDI inflows. Therefore, the earlier idea that FDI does not flow in easily to developing countries is no more valid. This inflow of FDI in the developing countries also helps in the development of capitalism in these economies.
- (f) *Role of the third world bourgeoisie:* With the coming into dominance of capitalism in the third world countries, the big bourgeoisie of these countries have become major players in the international market. As has been already noted, within the richest bourgeoisie in the world, China and India have a very high number. These companies have global ambitions and are operating across the globe both in the financial as well as the industrial sector. For example, a company like the Tata Motors from India has bought off the Jaguar company, one of the leading automobile companies in the world, located in the UK.¹² The Indian company Reliance has a worldwide reach and is

11. For a discussion on this argument, see *Accumulation and Stability under Capitalism*, Prabhat Patnaik Clarendon Press, 1997

12. TATA buys Jaguar in 1.15 billion pounds deal, *BBC News*, 26th March, 2008, <http://news.bbc.co.uk/2/hi/business/7313380.stm>

engaged in oil and gas exploration all across the globe. There are even reports that the Indian and Chinese companies are buying huge tracts of land in African countries like Ethiopia for business purposes.¹³ If the bourgeoisie of the third world has indeed risen up to the level of metropolitan bourgeoisie then again this argument about imperialism thwarting the capitalist development in the third world becomes problematic.

- (g) *Intra-imperialist rivalry*: One of the basic arguments made by Lenin in his classic text *Imperialism* was that imperialism gives rise to intra-imperialist rivalry. Lenin argued that as capitalism progresses, monopoly capital develops. This monopoly finance capital was significantly tied with the nation-states of their origin. In order to earn profit this nation-state backed finance capital tried to repartition the world into their respective areas of intervention and exploitation. But as the entire world slowly came under the dominance of monopoly capital, there were no more areas which the capital backed by nation-state could exploit. At that point, conflicts and rivalry between the different blocks of nation-state backed finance capital must arise to realign their areas of influence. In such a situation, war becomes inevitable.¹⁴

The experiences of the First and Second World War shows the correctness of Lenin's prognosis about imperialism at that particular juncture. But currently, there is hardly any conflict within the advanced capitalist or the imperialist countries. Most of the policies they take are in unison, decided over through global forums like the G7, G8 and after the 2008 crisis, the G20. Most importantly, since the Second World War there has not been any case of military

13. Indian land grabs in Ethiopia show dark side of South-South co-operation, *The Guardian*, 25th February, 2013, <http://www.theguardian.com/global-development/poverty-matters/2013/feb/25/indian-land-grabs-ethiopia>

14. For an alternative articulation of the theory of Imperialism see *Imperialism and World Economy*, Nikolai Bukharin, Aakar, 2010

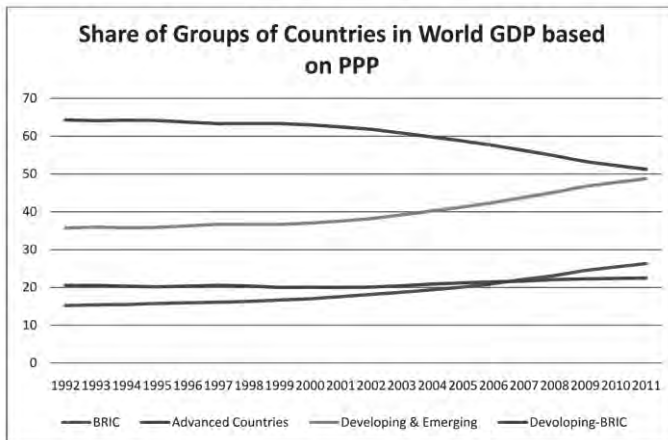
conflict within the advanced capitalist bloc. Therefore, one of the fundamental characteristics of imperialism, as identified by Lenin is no longer true.

Making Sense of the Changes in Developing Countries

In the last section, we have discussed the stylized facts of the contemporary world conjuncture. On the basis of the above, it has been claimed that as a result of globalization, the world has become flat and theories of imperialism which posit a division of the world between the advanced capitalist countries and the third world are wrong. If the current world conjuncture is fundamentally different from the times of Lenin, then of course the theory of imperialism has to be reformulated. But before doing that, we need to articulate whether the world has indeed become flat or not. To do this, we put forward three sets of arguments.

Firstly, we have noted that there has been rapid capitalist development in the developing countries. This has resulted in a situation where the share of the developing and emerging countries in world GDP has increased significantly. This is shown in the following chart.

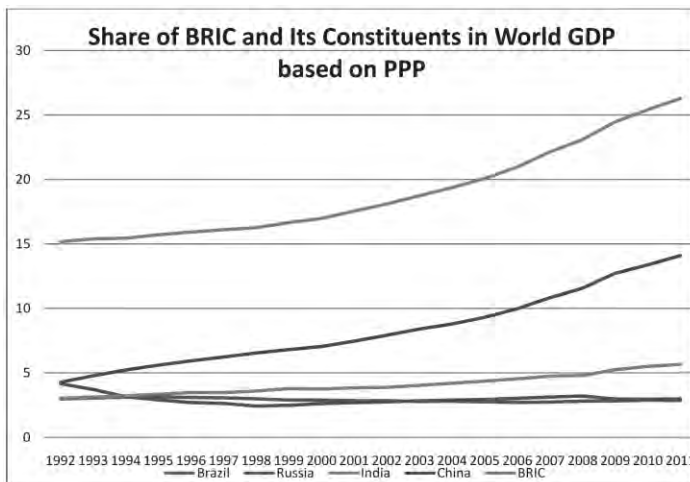
Chart 1



Source: World Economic Outlook (WEO) database, IMF

From the above chart it is seen that the share of the advanced capitalist countries has been declining consistently. It was above 60% in 1992, declining to 51% in 2011. At the same time, the share of developing and emerging economies has increased from around 35% in 1992 to 49% in 2011. On the basis of this it can be concluded that there has been significant growth in the developing countries to increase its share in world GDP. However, this does not reveal the complete picture. If we look at the share of developing and emerging economies without including the countries Brazil, Russia, India and China (BRIC) then it is seen that the share of the remaining developing countries actually has not increased much. It was 20.5% in 1992 and marginally increased to 22.5% in 2011. In other words, the rise of the share of the developing countries in world GDP is mainly propelled by the BRIC countries whose share in world GDP increased from around 15% in 1992 to 26.3% in 2011. Therefore, what seems to be a rapid rise in the share of developing countries in world GDP is basically because of the rise in the share of the BRIC countries. Moreover, if we look at the individual share of the BRIC countries in world GDP then another picture emerges. This is shown in the following chart.

Chart 2

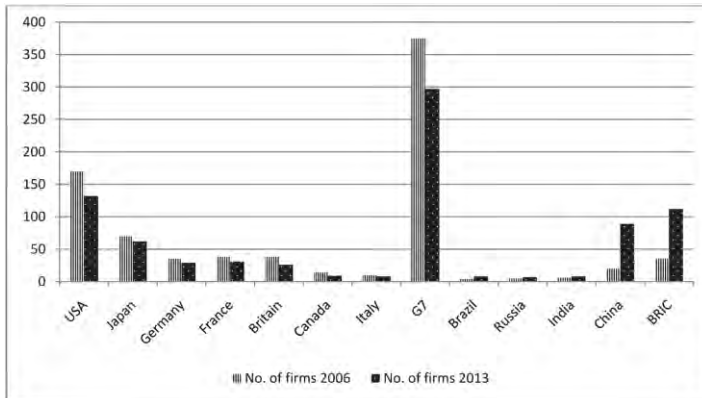


Source: Same as Chart 1

From the above chart it is seen that while there has been indeed a rapid increase in the share of the BRIC in world GDP, it is in turn mainly propelled by China, whose share increase from 4.3% of world GDP to 14% and India whose share increased from 3% to 5.7% of world GDP. Therefore, it is clear that the increase in the share of world GDP for developing countries is because of rapid growth in a small set of countries. Thus the story of the last twenty years in terms of a shifting of economic weight in the world economy from the developed to the developing countries is the story of the rise of the BRIC.¹⁵

We have noted that there has been significant increase in the number of companies from countries like China, India or Brazil in the Fortune 500 list of companies. But a detailed look at the list reveals the following picture. According to the Global Fortune 500 list of companies for 2013, the USA, Europe, Japan, Canada and Australia account for 360 companies, while China has 89, South Korea 14, India and Brazil 8 each and Russia and Taiwan 6 each.¹⁶ There is no company from Africa in the entire list. The following chart shows the country-wise number of Fortune 500 companies.

Chart 3: Country-wise Distribution of Fortune 500 Companies in 2006 and 2013



Source: <http://money.cnn.com/magazines/fortune/global500/index.html>

15. We will come back to the question of BRIC and China in details later

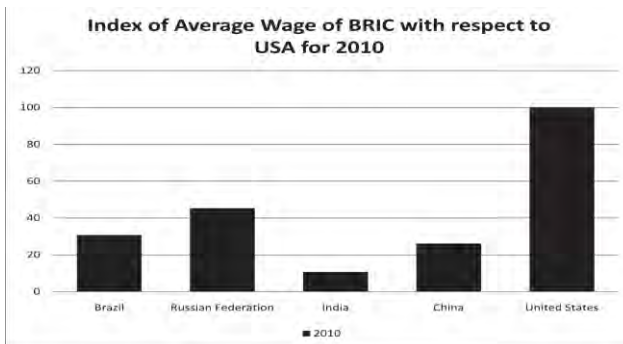
16. http://en.wikipedia.org/wiki/Fortune_Global_500

From the above chart it is clear that the number of Fortune 500 companies has decreased from above 350 to under 300 for the G-7 countries while the number of these companies in BRIC has increased from 35 in 2006 to 112 in 2013. Thus, again it is seen that G-7 countries still has the maximum number of representatives in the biggest companies in the world. But the weight of the BRIC has increased primarily because of a rise in the number of such companies in China.

It is seen from the above discussion that there has been significant growth and capitalist development in the developing countries led primarily by the BRIC. This growth has been so phenomenal that there are discussions about a change in the engine of growth of the world economy from the developed countries to the BRIC. But does this mean that the problem of underdevelopment has been solved in these countries? Does it mean that these countries have successfully made the transition from developing to advanced capitalist countries? In order to answer these questions we look at how the workers in these countries have fared with respect to those living in the advanced capitalist countries.

The following chart shows the average monthly wage of workers in BRIC countries with the monthly average wage of workers in USA indexed at 100.

Chart 4



Source: Average wage taken from ILO Global wage data base. Converted to PPP on the basis of PPP conversion factor for individual countries provided by the World Bank

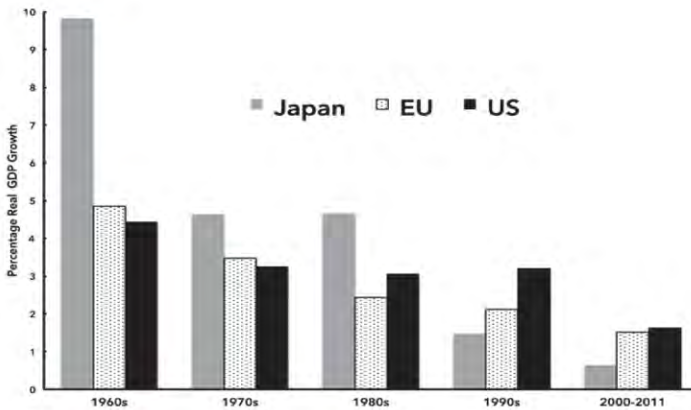
From the above chart it is clear that in spite of the fact that the BRIC countries have managed to significantly increase their share in global GDP, the workers in these countries are way behind those of the USA in terms of their wages. Thus it is seen that while the big capitalists of the countries of BRIC are trying to become a part of the global capitalist high table, the workers of these countries are way behind their brethren in advanced capitalist countries like the USA. In other words, for vast masses of the people in these countries who are workers, their lives are not at par with those of the workers in developed countries. Clearly, therefore the world has not become flat and there exist areas of underdevelopment in the world. Thus, to argue that the third world has vanished or that the entire globe has been uniformly drawn into a global capitalist development path is not correct.

The discussion so far has pointed towards the fact that the tilt in the global balance of economic power towards the developing countries is mainly because of the rise of the BRIC. The capitalists of these countries have amassed huge wealth and some of their companies are the largest in the world. But the workers of these countries have not gained much in comparison to their brethren in the advanced capitalist world order. What this signifies is not the assertion that the world has become flat. Rather it signifies a world conjuncture where new aspiring capitalists based in these countries are staking their claim in the global capitalist order. How this is affecting the global balance of forces in the context of imperialism is a question to which we will return shortly to. Before that we need to look deeper into the functioning of the world economy in the current era.

Economic Growth in the Global Economy and Dollar Hegemony

The following chart in next page shows the growth rate of GDP in advanced capitalist countries.

From chart-5 it is clear that the growth rate of all the major developed countries/blocks has been coming down since 1970s. This decrease in the growth rate of GDP of the capitalist core is

Chart 5: GDP Growth Rate in Developed Countries

Source: The Endless Crisis, John Bellamy Foster and Robert W McChesney, *Monthly Review*, May 2012

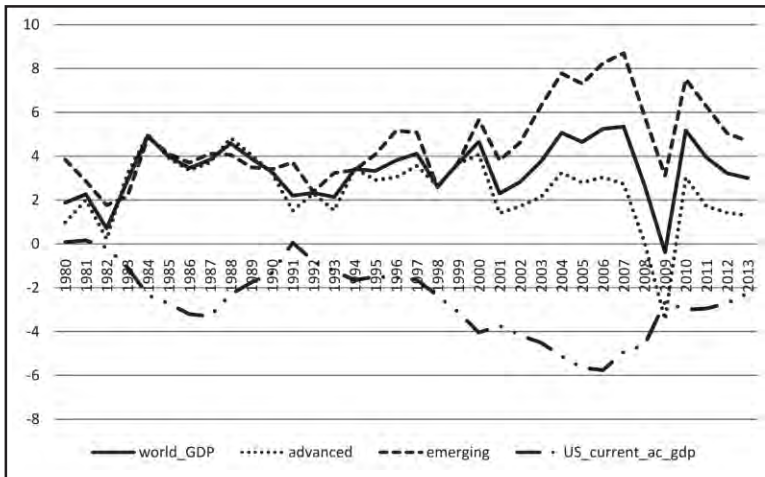
related to three interrelated developments within capitalism itself. Firstly, as Kalecki had argued, for sustained growth under capitalism there must be some exogenous stimulus.¹⁷ Three kinds of exogenous stimulus have been discussed in the literature, viz. external markets or colonies, innovations and government expenditure. By the 1970s, the major exogenous stimulus in terms of colonies or external markets was exhausted with the process of decolonization coming to an end. Secondly, the high growth rates observed in the capitalist core in the 1960s was largely a result of the Keynesian demand management policies adopted in these countries after the World War II. Thirdly, with the rising to dominance of international finance capital in the 1970s, there was a regression in economic policy making with the pre-Keynesian ideas coming back under the garb of monetarism, which advocated that government expenditure should be curtailed. This hegemony of global finance capital, with the boom period of state-led demand boom coming to the end, again asserted the virtues of free-market under the new ideology of neo-

17. Michael Kalecki (1962) "Observations on the Theory of Growth", *Economic Journal*, Vol 72 (285), pp. 134-153.

liberalism. This resulted in the demand management policies since the World War II coming to an end, and with it the end of the state-led boom.¹⁸

While it is indeed true that there has been decline in the growth rates of GDP across the developed world, a close look at the growth rate of world GDP along with other countries reveals a more detailed picture. This is shown in the following chart.

Chart 6 : US Current Account and Growth Rates of GDP Across Countries



Source: WEO Database, IMF

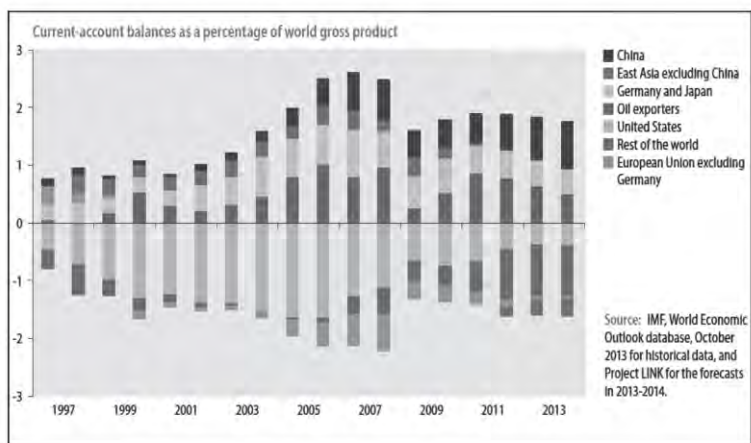
The above chart shows that since around 2000 there has been a period of significant economic growth in the world as a whole which ended only with the global financial crisis of 2008. The growth rates in the emerging countries were the highest during the period followed by the advanced capitalist countries. Remarkably this is also the period when the current account deficit of the USA as a share of GDP started to increase and

18. For a detailed discussion on this theme please see, *Capital Accumulation and Crisis: A Theoretical Study*, Prasenjit Bose, unpublished PhD these submitted to Jawaharlal Nehru University, 2003.

reached almost 6% of GDP. This current account deficit of the USA is the highest for any single country.

Thus at a time when the world economy was growing rapidly, the USA through expanding its current account deficit provided markets for other economies, on the basis of which the overall growth rate of the world economy itself increased. This becomes clearer if we look at the following chart which shows current account deficit of various countries and the global imbalance.

Chart 7



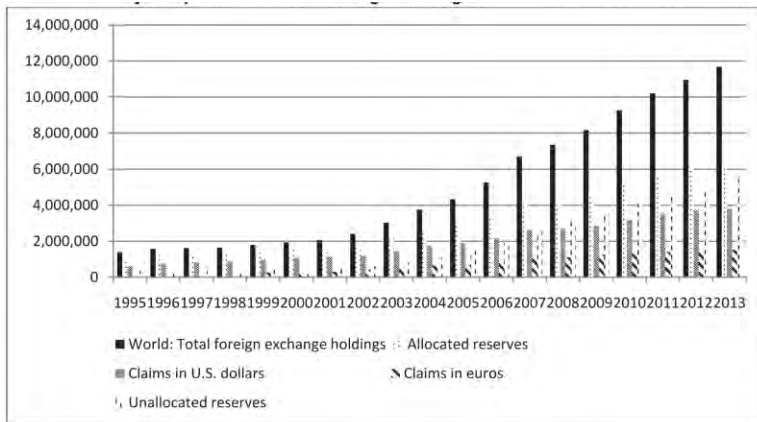
Source : Reproduced from World Economic Situation and Prospects, UNDESA, 2014

It is clear from the above chart that the most significant rise in the current account deficit in the world took place in the United States. Thus all those countries who had current account surplus, a large part of it was vis-à-vis the United States. If any country runs a current account deficit persistently then the country must face problems in terms of financing the deficit through loans from the world market. If the current account deficit becomes too high then there can be pressure on domestic currency to depreciate. But still the USA has been maintaining a huge current account deficit for a long period of time. The question is how?

The USA could maintain its current account deficit because dollar is the reserve currency in the world. Everybody wants to hold on

to the dollar because people believe that the dollar is as good as gold. The countries across the world hold on to the dollar and ensure that the USA never lacks debt to finance its current account deficit. This is corroborated from the fact that the foreign exchange reserves of all countries are mostly denominated in terms of dollar. This is shown in the following two charts.

Chart 8: Currency Composition of Official Foreign Exchange Reserves



Source: IMF Statistics Department COFER Database and International Financial Statistics

It is seen from the above chart that within the allocated reserves, claims in dollars are the most important component. This signifies that most of the world foreign exchange reserve is actually held in dollar denominated assets. This helps the USA to attract huge amount of resources from across the globe. This has resulted in a situation where the foreign ownership of US assets is more than the US ownership of foreign assets. This is shown in the following chart. The importance of the dollar as the reserve currency of the world can also be gauged from the fact that in 2010, 84.9% of all foreign exchange transactions had dollar at one side of the deal, which increased to 87% in 2013.¹⁹

19. Triennial Central Bank Survey, Foreign Exchange Turnover in April 2013: Preliminary Global Results, Bank for International Settlements, September 2013 <https://www.bis.org/publ/rpfx13fx.pdf>

Chart 9



It is seen from the above chart that there has been a significant increase in foreign ownership of USA's assets which became greater than the US ownership of foreign assets in 1985. Since then the former has remained above the latter. This process of foreign ownership of US assets has been possible because of the free flow of capital regime instituted since 1973 and which gathered momentum in the 1980s and 1990s with the globalization policies being adopted across the world. Thus in a world of free flow of capital flows, the USA has been able to maintain confidence within the investors about the stability of the value of dollar. Thus, investors across the world have held on to dollars and invested in the USA. Two important issues arise from the above discussion—one is the issue of the stability of the value of dollar and second is the question of the free flow of capital across international borders. Let us first discuss the stability of the value of dollar or the dollar hegemony.

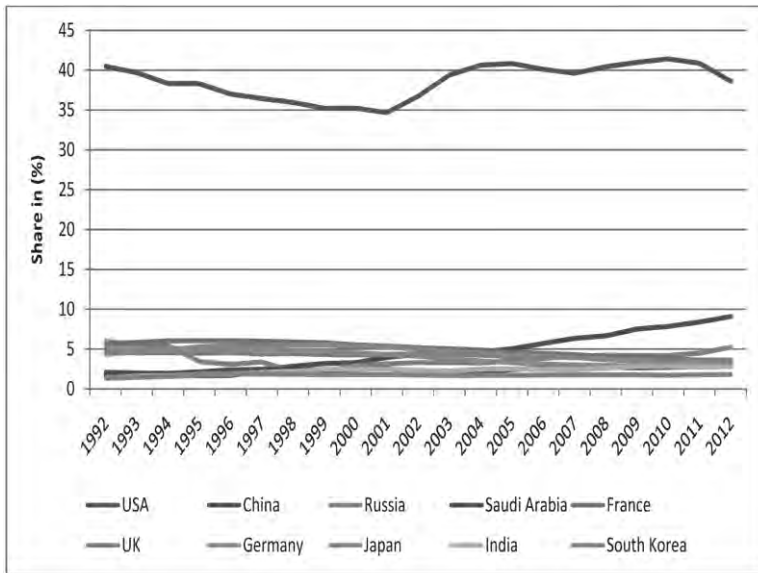
Maintaining the Stability of Dollar

If from world over wealth holders want to hold their wealth in dollar denominated assets then the value of the dollar must be relatively stable compared to other currencies. In normal circumstances a country running a huge current account deficit will find it difficult to maintain the stability of the currency's value. But in the case of the USA, as we have discussed above, the USA has been running a huge current account deficit but still being able to

attract wealth holders towards dollar denominated assets. This is possible because in spite of the huge current account deficit, wealth holders across the world perceive dollar to be a stable currency. What explains this?

There are two crucial factors which ensure that the value of dollar remains stable. The ultimate guarantor of the stability of the dollar is the USA's huge military machinery. The chart below shows the share in world military expenditure of the top 10 countries.

Chart 10: Share in World Military Expenditure: Top 10 Countries



Source: Trends in Military Expenditure 2013, Stockholm International Peace Research Institute

The above chart shows that the USA alone accounts for about 40% of the total military expenditure in the world. No other country in the world is even close to what the US spends for its military. If we look at the absolute figures in terms of military expenditure then the following picture emerges.

Table 1:

Country	Military Expenditure (\$ bn)	Share of world total
USA	640	36.6
China	188	10.8
Russia	87.8	5.03
Saudi Arabia	67	3.84
France	61.2	3.5
UK	57.9	3.31
Germany	48.8	2.79
Japan	48.6	2.78
India	47.4	2.71
South Korea	33.9	1.94
Italy	32.7	1.87
Brazil	31.5	1.8
Australia	24	1.37
Turkey	19.1	1.09
UAE	19	1.09
Total 15 States	1408	80.6
Total World	1747	100

Source: Same as Chart 10

This huge military expenditure of the USA enables it to not only maintain the world's most sophisticated army, navy and air force, but it also enables the USA to operate through military bases strewn across the globe. It is difficult to get the exact number of military bases of the USA across the globe, since many of them are secret bases. But as per the Base Structure Report, FY 2012 Baseline of the Department of Defence of the USA, the Department of Defence has 666 overseas locations which it owns or leases for military purposes. This huge network of the US military enables it to attack any country it wishes in a matter of minutes. This network as it were is the spokes of the wheel of US imperialism through which it has managed to exert its hegemony.²⁰ The military dominance of

20. For a discussion on the military might of the USA being used for strategic purposes see, *Hegemony or Survival: America's Quest for Global Dominance*, Noam Chomsky, Allen & Unwin, 2007.

the world by the USA does not end merely with its huge military expenditure and global bases. The USA is also the top exporter of arms in the world. Between 2009 and 2013 the USA accounted for 29% of total arms exports in the world.²¹ According to the SIPRI data, out of the top 100 arms producing and military services companies 44 are from the USA. The fact that the USA is the leading arms exporter and manufacturer in the world, serves the US interests in two alternative ways. Firstly, as has already been noted, the huge military might of the USA gets further buttressed by its arms exports since the governments who are buying the arms has to fall in line with the USA's global ambitions. Secondly, the fact that the USA is the largest supplier of arms means that in a world of conflict, the demand for arms will rise, which will create a market for USA.

Secondly, the most important commodity in the world today is oil. The price of the oil in global trade is denominated in terms of dollar. This gives a huge advantage to the USA in terms of having its control over the strategic commodity. Moreover, the stability of the dollar is intertwined with the stability of the value of oil in terms of dollars.²² If the value of oil increases greatly in terms of dollars then the stability of dollar as a reserve currency will also fall because its purchasing power of buying one barrel of oil will come down. So, the USA has to maintain a grip over oil producing regions in the world to ensure that there are no supply shocks to oil or that some oil producing country arbitrarily increases the price of oil substantially. This is again ensured through the global bases of US military. The military intervention of the USA in Iraq, Libya and the entire Persian Gulf region is a result of the pursuit of USA to maintain its control over world oil reserves.²³

21. Trends in International Arms Transfers, 2013, SIPRI

22. See *The Value of Money*, Prabhat Patnaik, Tulika Books, 2008 for a discussion on the value of oil tied with dollar

23. For a detailed account of USA's efforts to control oil through military means, see *Blood and Oil: The Dangers and Consequences of America's Growing Dependency on Imported Petroleum*, Michael Klare, Holt Paperbacks, 2005

It is this military might of the USA and its control over the oil reserves in the world that it provides guarantee to the wealth holders that the stability of the dollar will not be jeopardized. If at all there is any challenge to the dollar, then the ultimate solution will be that of a military one. The network of US military bases, its ultra-modern sophisticated arms and ammunition makes it way ahead of any other rival military power. The wealth holders across the world know that their ultimate guarantor is the US military. Thus, the dollar continues to maintain its hegemony even though the USA has a huge current account deficit. This is one of the most important pillars of modern imperialism.

Imperialism: Old and New

Till now we have discussed the changes in the structure of the world economy with coming into being of the powerful bloc of the BRIC countries. We have also discussed how the USA maintains its hegemony through its currency which is ultimately backed by its military power. Now, we discuss how the current world conjuncture differs from the one during Lenin's time to understand the uniqueness of our times in the context of imperialism.

Lenin's theory of imperialism explained remarkably well the First and Second World War resulting from what he called 'intra-imperialist rivalry'. But as has been noted earlier, this intra-imperialist rivalry has become muted and there has not been any major war between the advanced capitalist countries since the Second World War.

Lenin had talked about centralization of capital leading to monopoly capital. But after Lenin's time, this centralization of capital increased even further. With the oil price hike of 1973, the OPEC countries deposited their bonanza in European and American banks. Thus a huge stock of finance capital was piled up within the banking sector of Europe and America which wanted profitable investment. This huge finance capital, searching for profitable investment, was allowed to go global. On the other hand, deflationary policies were introduced in the advanced and the developing countries. This was because finance capital abhors state intervention. Therefore, once a country is opened up

to finance capital, it has to go for deflationary policies, fearing a capital flight which can cripple the economy. These deflationary policies adversely affected the workers. Thus, on the one hand, finance was made mobile and on the other hand workers were weakened. This marked the era of neo-liberal capitalism.

The character of this finance capital is different from that of Lenin's conception in three fundamental ways. Firstly, while Lenin had emphasized on finance capital as capital "controlled by banks and employed in industry", the new finance capital is not necessarily tied to industry in any special sense. Rather, it moves around the world in the quest for quick, speculative, gains. This finance capital largely constitutes what is referred to as 'hot money'. Secondly, finance capital in Lenin's time had its base within a particular nation, and its international operations were linked to the expansion of national "economic territory". But the finance capital of today, though of course it has its origins in particular nations, is not necessarily tied to any national interest. It moves around globally and its objectives are no different from the finance capital that has its origins in some other nation. In other words, the distinctions between national finance capitals have become meaningless today with finance capital taking an international dimension. This international finance capital is detached from any particular national interest and has the world as its arena of operations. Thirdly, in order to ensure such uninhibited global operation the world should not be split up into separate blocs, or into economic territories that are the preserves of particular nations and out of bounds for others.²⁴

A number of conclusions follow from the above. Firstly, since finance capital has transformed into international finance capital which is highly mobile, the role of the nation-state has witnessed a transformation. If it is profitable for international finance capital to move freely from one place to another without hindrance then the role of any nation-state in controlling this flow of capital is curtailed.

24. Notes on Contemporary Imperialism, Prabhat Patnaik, <http://pragoti.org/node/4234>

Precisely this has been sought to be achieved with the introduction of the policies of neo-liberal globalization across the globe which essentially is nothing but a policy of allowing free movement of finance capital. Thus states of the developing countries also witness a transformation from undertaking policies for the benefit of the people towards implementing policies aimed at satisfying international finance. Secondly, since international finance capital needs the entire globe for its operations and does not want the world to be split up into separate blocs, intra-imperialist rivalry remains muted. Thirdly, finance capital opposes government intervention which is against the interests of it. As a result, states across the globe have cut back on their expenditures, particularly earmarked for development. With the rise to dominance of international finance capital therefore, the role of state intervention as an exogenous stimulus for growth gets severely constrained if not totally absent. Thirdly, speculative activities take the centre stage of global economy rather than industrial activities because the role of the international finance capital is essentially to reap rapid speculative profits from one part of the world to another. This in turn brings in a stagnationary tendency on the world economy as a whole.

Thus the absence of intra-imperialist rivalry is a direct result of rising to dominance of international finance capital. But the absence of intra-imperialist rivalry of the kind witnessed during Lenin's time does not mean either (a) wars have become a thing of the past or (b) contradictions within the global geo-politics has ended. What it means is that the nature and geography of these have changed fundamentally.

Let us first take the case of wars. It is true that after the Second World War, there has not been any major armed conflict between the advanced capitalist countries. However, there have been very serious military interventions in countries like erstwhile Yugo-slavia, Afghanistan, Iraq, Libya to name just a few. The Wikipedia lists more than 40 armed conflicts in which the US army participated in since the World War II.²⁵ In all these military aggression, the entire advanced capitalist countries have acted as a single block under the leadership of the USA. In all these cases the attack was against

25. http://en.wikipedia.org/wiki/List_of_wars_involving_the_United_States

a developing country. This essentially shows that the muting of intra-imperialist rivalry of Lenin's time has brought in an alliance of the imperialist bloc under the leadership of the USA.

The alliance between the advanced capitalist countries does not end there. The international multi-lateral bodies like the World Bank, IMF, WTO or the UNPCCC have witnessed how the developed countries act as a block and try and out-manuever the developing countries, to maintain their advantageous position in the world economy. These continuing wars waged against the third world countries, and the economic bargaining against the developing countries in different forums, essentially show how even today, there exists conflict in the world arena; but the geography of that conflict has changed from being intra-imperialist to being conflict between the advanced capitalist countries and the developing countries.

Theorizing Global Conflicts Today

In an earlier era, within the premise of Marxist theories there was this idea that the bourgeoisie of the erstwhile colonies were nationalist in nature or were comprador. By nationalist bourgeoisie it was meant that the ruling classes of these countries were in conflict with imperialism and wanted to do capitalist development in the domestic economy which imperialism thwarted. The other idea was that in some countries the ruling classes were completely subservient to global metropolitan capital and acted as agents of imperialism. Therefore, the earlier theories predicted a conflict between nationalist bourgeoisie and imperialism and a collaboration between comprador bourgeoisie and imperialism. Our point is that both these characterizations have become irrelevant and cannot explain the conflicts of the current era.

There is no doubt that the bourgeoisie in the third world countries, particularly in BRIC have become immensely powerful since the policies of globalization have been adopted. All indicators in terms of the total assets, wealth, profits etc of the big companies in these countries suggest their increasing strength. It is also the case that some of these companies have become global players in the world market.

There exists a complex relationship between the bourgeoisie of these countries and imperialism. On the one hand we have certain bourgeoisie coming into the ranks of the global players. This is happening through a process of enrichment of the ruling classes through the policies of reforms and globalization itself, or through its alliance with global finance capital. However, as has been argued above the vast masses of people remain detached from these capitalist processes and remain impoverished. This co-optation of the bourgeoisie of the third world as junior partners of imperialism is a feature of today's world conjuncture.

But in fulfilling the global aspirations of these ruling classes, conflicts arise between metropolitan capital and these bourgeoisies. These conflicts are fundamentally different from the times of colonialism. During colonialism, the big bourgeoisie was essentially fighting to implement capitalism under its own leadership in countries like India. However, in order to mobilize the masses for independence, certain demands of the people like land reforms, etc were incorporated into the demands of the freedom struggle and implemented to some degree after independence. Moreover, the bourgeoisie of the newly independent countries tried to pursue a developmental path which is autonomous to imperialism by following planning process in the domestic economy. This anti-imperialist stance of the bourgeoisie was hailed as being nationalist and indeed the processes of decolonization helped in improving the lives of the people to some extent.

But today's conflicts with imperialism have got no such pro-people content. It is aimed simply at maintaining the global reach of the bourgeoisie. That global reach has not resulted in any improvement of the working people, as has been enumerated above. Hence, the bourgeoisie cannot be termed as nationalistic any more. This does not mean that the bourgeoisie of these countries have become comprador. Comprador bourgeoisie does not have any production base and essentially live off commissions from the sales of the metropolitan bourgeoisie. But as has been repeatedly argued, today's third world bourgeoisie, particularly BRIC, are very powerful and have a global production base. In

other words, in order to characterize the current conjuncture, we need to do away with these terms which were applicable for a conjuncture which is long past.

Therefore, we come back to the earlier assertion that while it is true that the intra-imperialist rivalry of Lenin's period has come to an end, contradictions in the realm of global political or geo-political economy has not become a thing of the past. Currently, the contradiction between BRIC and US led advanced capitalist countries are coming to the fore. We have seen repeatedly how BRIC as a block has taken contrary positions to that of what the USA or G7 wanted in international forums like the UN or UNPCCC. Moreover, India and particularly China because of its growth is exerting a tremendous demand on the energy resources of the world. China's forays into Latin America and Africa are the manifestation of that. Here, conflict between the USA or the advanced capitalist countries with China is bound to arise. The conflict in Syria and recently in Ukraine show that this conflict is moving into the domain of military or strategic conflicts too moving beyond purely economic contradictions between the upcoming bourgeoisie of BRIC and that of advanced capitalism.

Conclusion

Let us try and pull the threads of the arguments together. In this paper we have tried to argue that imperialism in its essence must be looked into in a conjunctural manner. In other words, there cannot be 'one' theory of imperialism but many theories depending upon the changing nature of the global capitalist development. During the nascent phase of capitalism, when capital had not penetrated the entire globe geographically, colonialism was the main means of imperialism aimed at primitive accumulation of capital. With this process centralization of capital took place resulting in the formation of nation-state based monopoly capital which tried to re-draw the map of the world in order to chalk out their own areas of control and influence. As a result, conflicts between these powers necessarily arose leading to World War I. This was the theory of imperialism as proposed by Lenin.

However, it must be acknowledged that the current world conjuncture is significantly different from the time of Lenin. We argue that the current world conjuncture is characterized by three important developments. Firstly, a group of countries, the BRIC, has successfully managed to increase its share in world GDP so much so that the share of developing countries as a whole has significantly increased. Secondly, in spite of the changes that has taken place in the world economy and a historically high current account deficit of the USA, the dollar is still functioning as a reserve currency. We argue that this is so because the value of the dollar is guaranteed by the military might of the USA. Thirdly, intra-imperialist rivalry of Lenin's period is basically absent and now the contour and geography of the conflict has shifted towards one where the conflict is essentially between the advanced capitalist world and the BRIC countries. This does not imply that the ruling classes of BRIC have become anti-capitalists. Rather, the conflict is a manifestation of their rapid capitalist accumulation within a world where resources are limited. Today, this conflict has not blown out into war. But already in the case of Syria and Ukraine it is clear that the BRIC countries are even ready to put in their weight behind military-strategic global issues.

Thus, to answer the question as to whether imperialism is a relevant concept in today's world or not, our answer is yes it is indeed relevant. Imperialism of our times gets manifested essentially in the maintenance of dollar hegemony through the military might of the USA, the persistence of underdevelopment in the developing countries, including BRIC and the military attack on strategic third world countries by the combined bloc of advanced capitalist countries under the leadership of the USA. But this conjuncture is also one of a growing dominance of upcoming capitalist emerging economies who are coming into conflict with the erstwhile global architecture of dominance. This conflict is still unfolding. Therefore, we need to look at imperialism today from a perspective which takes into account all the characteristics of the present conjuncture. It is still a relevant concept and provides important perspectives about global balance of forces. But it needs to be continuously updated to capture the particular conjuncture.

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