

How can the world's primitive areas build modern, industrialized economies? This biggest question of our century is at the core of Asian, African and South American politics as people strive to clean up mess left by centuries of imperialism.

What the Colonial People Want

by Harry Braverman

THE industrialization of the so-called backward or under-developed countries is a comparatively recent idea. A few generations ago, the people of colonial Asia, Africa, South America—insofar as they were not dormant—were seeking for a nook or cranny in which to hide from imperialist exploitation, or for a way to drive out the invader and return to old-time modes of life. Today these people are reaching out for the benefits of an industrialized society. And when they seized upon the idea of industrialization, they seized it with a fervor and zeal that has thrown the world into the greatest uproar. Imperialism had indeed done its work well of awakening the colonial world from the slumber of centuries—too well for its own good.

One of the early rationalizations of the imperialists was that they would bring the advantages of modern industry and science to the colonial lands. Yet today, after several hundred years of British imperialism in India and elsewhere, after a hundred years of manhandling China, of French rule in Indochina, a half-century after the American grab of the Philippines and the dominance of the U.S. in all Latin America, scores of years after European penetration into the recesses of Africa, the ancient lands remain still undeveloped, poverty-stricken, crude in their agriculture, almost barren of industry, miserable in standards of health and life.

Sixty-seven percent of the world's population, over one and one-half billion people, continue to live in subsistence economies in which primitive agriculture is predominant. This two-thirds of the world has an average per capita income not much over \$50 a year. Where the average use of electricity in the U.S. per person in 1946 was 1,610 kilowatt hours, and in some European countries was as high as 3,500, in countries like Egypt, Turkey and Greece it was below 40.

The poorest two-thirds of the world hardly ever gets enough to eat—the children are said to be always hungry. It has been calculated that fully 60 percent of the world's people do not get the daily minimum of 2,500 calories required by a person doing even the lightest kind of work. Yet their work is generally far from light. Disease, infant mortality, undernourishment and the absence of medical care and elementary hygiene—because of all this the life expectancy at birth is only between 25 and 30 years.

IF imperialism penetrated these lands in order to exploit them, and if, in order to intensify exploitation, imperialism brought in machinery and modern methods, how is it

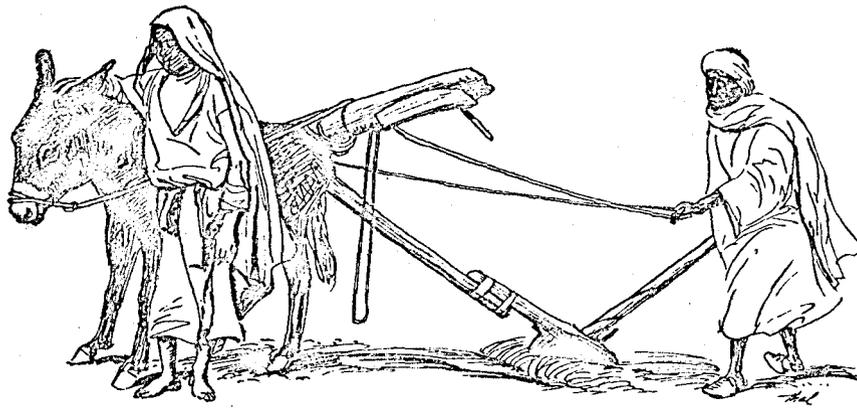
that such conditions still remain? The answer to this question is really most important, as it reveals just how the colonial nations were kept at their present low estate, and also just why the industrialized capitalist nations cannot, without first altering their own social and economic institutions, aid fundamentally the under-developed lands.

The pattern of imperialist exploitation has been the intensive development of a few raw-material-supplying industries (often only one in a country), while the rest of the subjugated land remained in the darkness of centuries. The name of Iran has become, for example, practically synonymous with oil. But, in that country, the oil industry normally employs only about two percent of the population, and 85 percent of the population still lives from primitive agriculture, ferociously exploited by the landlord class. "The oil industry," wrote A. Kessel, an Iranian oil engineer, in the *Nation* (Sept. 11, 1954), "has been simply an isolated production island with a minimum of contacts with the rest of the economy."

In his 1953 book called "Problems of Capital Formation in the Underdeveloped Countries," Professor Ragnar Nurkse of Columbia University contends that this pattern of exploitation "can be readily accounted for on obvious economic grounds. There is nothing sinister about it. The explanation lies, on the one hand, in the poverty of the local consumers in the under-developed countries, and, on the other, in the large and, in the Nineteenth Century, vigorously expanding markets for primary products in the world's industrial centers."

Granting Mr. Nurkse his "obvious economic grounds"—for these were surely the reason for the lopsided economic structure that arose in the colonies—his implication that the economy "just grew" that way is far from right. The economic need gave rise to a colonial policy, the colonial policy was strictly enforced, the local efforts to gain industrial and commercial strength were looked upon as a challenge to the imperialist power and quashed. In her excellent pre-war summary, "Industrialization of the Western Pacific" (1942), Kate Mitchell characterizes the general policy:

In varying degrees, the leading imperialist powers in Southeast Asia proceeded on the assumption that the chief value of a colony is as a source of essential raw materials for the manufactures of the mother country. To this end, they discouraged the establishment of any modern industries in their colonies which might make their subjects less dependent upon foreign manufac-



tures, or which might lead to the rise of a native industrialist class strong enough to challenge the financial and commercial control of the mother countries.

OVER the years, the colonial capitalist classes have been stunted in their growth, and the most prosperous sections have been those dependent upon imperialism and even attached to it in an agent or *comprador* capacity. The semi-feudal aristocracies and landowning parasitic classes have been preserved and sometimes even reinforced as part of the necessary scheme of things in the imperialist rule over the colonies. Thus the imperialist powers, after breaking up old modes of life, have prevented the development in the colonial regions of an industrialized capitalism similar to their own. They have feared, and with good reason, that newly industrialized capitalist nations would cease to be mere pawns for exploitation, would resist the looting, prevent the metropolitan nations from manipulating the terms of trade in their own interest, and would develop into competitors in the world market.

The recent example of Guatemala is significant. The outcry of "communism" has tended to conceal from public view the fact that the program of the capitalist and petty-capitalist elements who controlled the government after the successful revolution of October 1944 was nothing but the development of capitalism. That is what they said and that is how they acted. Yet it was this very ambition to develop their own capitalism that so angered the imperialist interests. It meant that imperialism would lose its stranglehold and its super-profitable exploitation. That is why imperialism tries to freeze colonial social development at the level of ancient semi-feudal landlordism covered by a thin veneer of industrial enterprises: the raw materials industries together with the transportation network required to serve them.

THE actions of the major imperialist nations today, their political and military policies of propping up the feudal-reactionary leaders of the colonial regions, their capitalist investment programs which still run—more heavily than ever—along the raw-materials exploitation channel, these actions show that the leopard has not changed its spots, and that imperialism remains the foremost enemy of the social changes needed in the unindustrialized areas before they can be developed.

But how about those lands where the imperialists have been forced to retreat, where political sovereignty has been won, such as India, Burma, Indonesia, etc.? What are the

prospects for a self-industrialization of those countries by their present governments? In these lands, even though the imperialists no longer control the government apparatus, the conditions left behind by imperialism remain as a barrier to industrialization. This point must be developed in detail.

Industrialization can go forward in the under-developed lands if necessary, by the accumulation of a surplus each year, in the form of machinery and other instruments of labor, out of the work of the people, and without any gifts from abroad. The Soviet Union, after all, lifted itself to the industrial heights of the world through an operation in which outside aid was a minor element. True, this is the much harder and costlier way, but if circumstances compel, it can be done. But what cannot be done is the accumulation of such an industrial apparatus under social conditions of capitalism. That is a fact overlooked by those who think that a little (or a lot) of Point Four aid is all that is required. For the chief characteristic of these lands is their social inability to make use of accumulations of wealth as *industrializing capital* even when they have it. It is this, and not lack of "know-how," that is crucial.

In 1949, a United Nations' study ("Relative Prices of Exports and Imports of Under-Developed Countries") pointed out that the trend of prices has been such that the colonial countries have to pay an ever-larger amount in exports for the same quantity of imports. If, this study estimated, the 1947 terms of trade were put back to the 1913 level, this would yield the under-developed countries from \$2½ to \$3 billion extra, which could be used, the UN thought, for economic development and industrialization. Within a short time, something like this actually occurred, but, contrary to the UN notion, no lasting benefit resulted. During the Korean War, there was a big boom in the prices of primary raw materials produced in the colonial countries. In 1951 alone, these countries realized an added income of about \$2 billion on the same volume of exports as in 1950 (even after taking into account the higher prices they had to pay for industrial goods). It was a switch of the terms of trade in their favor.

But what happened when many of the colonial-type countries had added income? They, in most cases, proved unable to convert it into industrializing capital. Most of the income went into luxury goods, and where the import of luxury goods was limited, it went into the enlargement of the domestic luxury industries, and into additional

boards, both in their own banks and in foreign banks, credited to the accounts of the native satraps.

PROFESSOR NURKSE, in his above-mentioned book, proceeds on the premise that all the undeveloped countries need is more capital to give them a start, and they can't get it because they are too poor to begin with. He ignores the essential element of social institutions and economic patterns entirely. And yet he himself points out—while failing to see the significance of his point—that, in terms of savings from the national income, Latin America possesses the possibility of a good-sized capital formation each year. Estimates of the average savings ratio show that it was about eight percent of the national income in 1949, and probably higher in later years, which is enough to provide a fair rate of expansion of industrial capacity. But the savings tend to go largely into money hoards, expansion of luxury consumer industries, extravagant and productively useless public works, fabulous upper-income residential construction—into almost everything but industrial expansion.

In Venezuela, Harvey O'Connor pointed out in his informative article for *Monthly Review* (July 1951), the national revenue has grown tremendously. In 1917, the government budget was only \$20 million; in 1950, due to oil royalties, this had risen to \$525 million. Yet the country is even less self-sufficient than it used to be. It must now import part of its food supply. The money is spent on "expensive baubles"—immense highways, luxury hotels, administrative buildings. The vast majority of the population continues to live in the ancient way, impoverished and exploited on farms which are tilled by outmoded and primitive methods. "Barcelona [Venezuela] has no sewage system," says Mr. O'Connor, "but its airport is better than Philadelphia's." Only the oil regions and those other places where the foreigner must have his conveniences have been really altered.

In the Middle East oil lands, the money goes into the most expensive modes of life for the royal upper crust. It is heaped upon the scales in glittering pyramids to match the weight of hefty rulers. Imported motor cars, glassed-in swimming pools, dozens of little-used establishments in the pleasure spots of the world are the rule for the rich. In Iraq, the fast-rising oil revenue of recent years—most of which is supposed to be set aside for "development and education"—goes into the "development" of the biggest private estates, after which rents are raised for the peasants who work them.

AS this point—the inability of the capitalist classes of the colonial areas to transform money into large-scale industrial capital and thus to fulfill capitalism's historic function of industrializing the economy—is plainly a crucial one, the reasons behind it are worth investigating carefully.

In the first place, capital tends to flow most readily into those areas of the economy in which it will yield the highest rate of profit. Under colonial conditions, where the mass of the population is impoverished and the mass market thus extremely limited, and where on the other side a thin layer of landowners and functionaries has grown extremely wealthy, trade in luxury goods offers the

quickest and most substantial profits. Large-scale industrial production requires a heavy investment, does not begin to pay off for quite a while, and, most important, must meet the competition of the imperialist nations with their high productivity of labor and fully developed machinery of commerce.



Early capitalism in America, Germany, etc., also faced many of these problems. But the difficulties were met by strong central governments, which used the state power like a piledriver to sink the foundation of an industrial economy. Infant industry was given tariff protection, bounties, huge grants in one form or another. The Hamiltonian system in America, and the later expansion of that system in the post-Civil War period, are examples of the manner in which the early industrialists and financiers used the state power as an instrument with which to equalize the rate of industrial profit to the rate of merchant profit, and to give special encouragement to the development of industry. Furthermore, the rise of the present capitalist-industrial nations took place in the period of the swelling of the world market, while today the world market is shrinking and is already pre-empted by imperialism. And without ready access to an expanding world market which could supplement the slim home market, it is doubtful that large-scale industry can be developed on a capitalist basis.

BUT possibly the capitalist classes of the colonial areas can develop a great *home market* among their vast populations and thus make industrial development very profitable and attractive to investment? This brings us to our second point. The chief market for capitalist industry (in the period before a big urban working class is developed) is the class of independent farmers. Slaves, plantation serfs, semi-free or bond labor living on a bare subsistence minimum—or below it—under primitive conditions of feudal, plantation or share-tenant farming do not form an adequate market for industrial products. Capitalism, in its early development, revolutionized social conditions on the land as a concomitant to its revolution in production in the cities. Thus the French Revolution smashed serfdom, broke up the big estates, and launched the independent peasant class of France; the American Revolution broke up the manorial estates of the middle

colonies and in much of the South, and at a later stage abolished slavery; the English Revolution cracked up the feudal and manorial land structure and spread the yeomanry over the countryside.

That revolution in agriculture has never been accomplished in Asia, Africa, and much of South America. The big landholders, even when they may become anti-imperialist to a limited degree, remain the chief bulwark against the agrarian revolution. Can the small and weak capitalist classes pioneer a revolution on the land? This has been strongly answered in the negative by experience. Colonial capitalism developed not as a revolutionary social and economic movement, but as a conservative form of exploitation. It did not revolutionize existing social relations, but merged into them, and cautiously found ways to coin profits in the crevices of the ancient social structure. Under these conditions, the capitalist classes are not the enemies of the landlords, but their partners, connected to them by a thousand strands of economics and politics. Not in India, nor in Burma, nor in Indonesia, where the political power of imperialism has been delimited and a degree of sovereignty achieved, has the new capitalist-landlord coalition revolutionized land relations. In Burma, despite much talk, what appears to be in the offing is at best some insufficient reforms along the lines of what was done in Eastern Europe between the two wars. In these countries the heads of state talk of bringing "socialism" in order to appease the masses, but they haven't even brought capitalism to the countryside.

IT IS in this fact, the indigestibility of capital in the colonial economies, that one can discover why U.S. aid to Asian lands has been very meager compared to Marshall Plan aid to Europe. The colonial economies, unlike those in Europe, have no way of absorbing large amounts of money by converting it into productive capital, because such a process upsets the traditional social relationships,

A Loan from the U. S. A.

ALL over Asia there is a story of the Prime Minister of the little country of Monaco, who under the Marshall Plan asked for \$10 million, and he was told, "We can get you that; that is not a big amount. How is your Communist problem in Monaco?" He said, "We have no Communist problem; we are poor people but sensible people." This man shook his head and said: "How do you expect us to get the American Congress to give you any money if you have no Communists?"

He went all the way to France, and he stopped at the government building and said to the Foreign Minister, "My friend, I am in trouble. We have a desperate economic condition. Our people are hungry. We have no money. I can't get a loan from the United States on the Marshall Plan; I have no Communists. Could you loan me a thousand Communists for a few days, and let them come to Monaco and shake their fists and march behind banners, and the American newsreel photographers will take pictures, they will be shown all over America, and I will get my \$10 million."

And the French Minister stroked his beard and looked out the window and said: "No; we would like to be a good neighbor, but France needs every Communist she has."

*Chester Bowles at the
1953 CIO Convention*

and neither the donors nor even, in most cases, the recipients of the aid can permit that to happen. Thus American aid to these lands has been limited to virtually direct bribes to the high-living aristocrats and landowners, in return for which the State Department extorts military bases and expects support in foreign policy matters. And that is why, despite talk of a "big" Asian aid program in Washington, the talk is sure to simmer down to a fairly modest outlay, in no way comparable to the huge quantities shipped to Europe. Here, in indirect form, is another proof of the inability of the capitalists and landowners of the undeveloped lands, even where they are befriended by the richest imperialist land, to absorb industrializing capital under their present setup.

The corruption and theft of American aid under Chiang Kai-shek in China (and now in Formosa) stemmed from the social structure, not from corrupt personal traits primarily. The same is true of Korean "relief and rehabilitation" money. A year ago, Rep. Charles B. Brownson (R. Ind.) head of a congressional investigating team, reported that Syngman Rhee, who has insisted on control of every relief penny, is not building schools, hospitals, housing, industrial and agricultural equipment with relief money, or even investing it mainly in food and medical care. Instead, he plans a super-highway, a chain of American-style motels, a new capitol building, a super-power radio transmitter beamed to North Korea.

He has insisted on the conversion of a big office building in Seoul into a luxury hotel—at a cost of \$2 million—complete with bars, cocktail lounge, garden rooms, starlight room, and a Hollywood-type steak restaurant. This in war-ravaged Korea! It is almost unbelievable, but better understood when one realizes that Rhee is a most belligerent representative of a landlord class for whom the worst possible calamity would be an improvement in living standards and educational opportunities for the people. And the U.S., by the very exigencies of the "war against communism," as well as its general imperialist interests, is irrevocably committed to the same course. It can rest on no other social class than that represented by the Syngman Rhees, Chiang Kai-sheks, Bao Dais, Arab sheiks, etc.

THE highly touted Point Four program and Colombo plan have not changed matters much, and show no sign of being able to in the future. Insofar as the imperialist nations continue to ship investment funds into the colonies, it follows—despite all talk—precisely the same pattern as in the past. Almost all American overseas investment during the postwar period has gone into the production of primary raw materials, thus reproducing the servant-master relationship of the past. Over 90 percent of recent direct investment in colonial lands, according to the Gray report on Point Four, has gone into oil production. It is vain to expect the imperialist representatives to remedy, by more of the same sort of activity, the intolerable situation which this activity produced in the first place.

The "technical advice" programs, while they may have helped to raise production a bit here and there, are programs of frustration to the colonial people, since they can do nothing but scratch at the surface. Egyptian Prime

Minister Nasser, who, like other in-between colonial rulers, expresses some of the feelings of the people without severing his connections with the landlords and imperialists, told the *U.S. News* in a September 1954 interview:

Point Four gives a country a little technical aid, but there is no material result that can be seen by people when they look around them. Nobody can feel the technical assistance. The man in the street has to see a material thing, and he doesn't see it. It is widely thought here, as a matter of fact, that Point Four is a sort of project that the U.S. Government is using to employ Americans abroad, because there is unemployment in the United States. . . . There was a Point Four project for breeding better chickens, and now everybody jokes about it. They all laugh about American "chicken aid." The saying is that, after all the talk about American aid, all we got were a lot of chickens.

Thus far, Point Four has not been an investment plan, but a plan for technical assistance and for encouragement to investment, with very slim results. The Colombo plan, which actually proposes a schedule of investments by participating powers, is also not headed for any great deeds. Even if the contemplated investments under that plan are made, they can be expected to barely keep up with population growth, so that the per capita investment position of these countries will not be altered.

INDIA, where the Nehru regime has often spoken of industrialization and even has a five-year plan running now in pale imitation of the Chinese and Russian plans, doesn't seem to be holding its own. Here again, if the contemplated plan is successful, it will do little more than hold the present per capita level of national income, and unemployment is expected to be a good deal larger at the conclusion of the plan than it was at the outset.

The example of India is very revealing. If industrialization can be achieved anywhere by the colonial capitalists, it is there. India has all the basic technical pre-requisites—a large land area with adequate natural resources, large population with huge unemployment at present. It boasts the strongest of the colonial capitalist classes; the class which planned industrialization most ambitiously during the years when it was pushing for freedom from British control. In its Tata plan of 1942, it projected a \$33 billion investment program over a three to five year period.

Yet, in its first five-year plan, only \$4 billion of new investment is actually expected. Land reform proceeds at a snail's pace. The Congress Party left wing, putting forward the most ambitious plan in that party, actually favors the development of *small-scale village industry* with a *minimum* of capital expenditure, in order to keep the industrialization program moderate and unburdensome.

In truth, there has not been a single case during the Twentieth Century—outside of the exceptional and highly specialized instance of Manchuria, which Japan industrialized as part of a conscious plan of the extension of its own capitalism to the Asian mainland—where a formerly backward country was industrialized under capitalist auspices. When then is the answer? How will the under-developed lands get the industrialization which they

so ardently reach for, and which they must have to catch up with the West in living standards?

The sole practical demonstrations of industrialization on the required scale have been given by the countries which have abolished capitalism, nationalized industry and operate under a plan and with an economy of a generically socialist type. Russia did it, and nobody doubts—even including the atrocity-mongers of the daily press—that China will accomplish it, given sufficient time.

Here is the real reason why the U.S. is losing the propaganda war in the East. Not because Soviet propagandists are more forceful than American, but because the propaganda of the deed is always more emphatic than the propaganda of the word. It means nothing to the colonial people that America or Britain has a very high standard of living—higher than that of Russia. What is significant to them is that a nation comparable to their own has broken the iron ring—the vicious circle of poverty—which breeds-poverty—and lifted itself into the topmost ranks of industrial power. And from industrial power, the colonial people correctly figure, all other types of modern power and material improvements can flow.

THE secret of the industrial success of the Soviet-bloc countries can be summarized in two simple points. First, being free of all ties to landlordism, corrupt merchant capitalism and imperialism, these new regimes can undertake all the necessary measures of agrarian revolution; battle against ancient remnants of superstition, illiteracy, religious barriers, bondage of women; protect infant industry, etc., without any hesitancy.

Second, being a socialist movement and not being bound by the profit motive, the new force in Asia can plan production, allocate resources, build new industries, invest in basic industries at a *present* loss, without being inhibited by the lack of profitability in the immediate and personal sense, and without being attracted by the lures of quick-profit luxury turnovers, etc. The chief idea in these economies is not investment of capital at a profit, but the *social profitability* of the new industries in the sense that they contribute to the industrialization of the nation. This must be understood as the salient economic fact of the new societies. It remains true whether one considers their rulers to be generous humanitarians, selfish power-seeking monsters, or anything else. It is an objective fact dictated by the basic economic structure.

The general meaning of this entire analysis can be formulated very simply: Under modern conditions, it is not any longer possible for the capitalist class of a backward land to accomplish even such jobs as the reform of the system of land ownership, expansion of trade, industrialization of the economy, etc. As has happened in Russia, and as is now beginning to happen in China, the work which early capitalism accomplished in the advanced metropolitan countries must now be done by socialist methods.

Meanwhile, the Twentieth Century is being marked for the books as the century in which, whatever else may yet occur, the formerly ground-down and oppressed peoples of colonialism rose to their feet and heaved the master from their backs, and set out to find their own future, their own destiny, their own improvements in the conditions of their lives, in their own way.