

The Two Faces of Capitalism
Underdevelopment and Overdevelopment

by

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ABSTRACT: This essay provides an alternative to the unilineal view of capitalism shared by Marxist and mainstream economists. Capitalism is usually seen as an economic system that exists within nations at different levels of development. The alternative discussed in this essay views capitalism as an international system which manifests itself differently in different societies. In the Third World capitalism assumes an underdeveloping form, while in Europe and North America it takes an overdeveloping form.

The profound hypocrisy and inherent barbarism of bourgeois civilization lies unveiled before our eyes, turning from its home, where it assumes respectable forms, to the colonies, where it goes naked. (Marx, 1853, 137)

in fact the veiled slavery of the wage-workers in Europe needed, for its pedestal, slavery pure and simple in the new world. (Marx, 1867, 759-60)

Marxists and mainstream economists may disagree on the nature of capitalism, but they share an essentially Eurocentric view of its development. Simply stated, this view holds that capitalism first developed in Europe and then spread to other continents. Accordingly, we read of the "advanced capitalist nations" in Europe and North America and the "traditional" or "backward" nations of Africa, Asia, or Latin America. Or, if the writer is more charitable, we may read of the "developed" and "developing" worlds.

Such Eurocentrism obscures our understanding of the actual place of capitalism in the development of our species. Capitalism is a world phenomenon. It has transformed Asia, Africa, and Latin America no less than the West. But capitalism takes different forms in different areas. In Third World nations, capitalism assumes the form of underdeveloping capitalism, creating poverty, ignorance, disease, and other features seen as characteristic of "backwardness." In the West, capitalism assumes the form of overdeveloping capitalism, creating consumerism, pollution, alienation, and other features seen as "modern" or even "postmodern."

Underdevelopment and overdevelopment are thus the twin forms of capitalism in the modern world. Both are equally far removed from the traditional societies which preceded them and therefore equally "advanced." They are not stages in a unilinear sequence, but interdependent trajectories of change within the world capitalist system. This view has profound implications for our understanding of the modern world and our struggles for a better world.

This essay will develop the concepts of underdevelopment and overdevelopment and explore their implications. It is written from the perspective of scientific socialism and assumes a Marxian understanding of capitalism. The underlying argument, however, does not depend on Marxism. It is equally valid for mainstream and Marxian views of the modern world.

Anthropology and Marxism

Both Marx and Engels were careful students of the anthropology of their time and made copious notes on such anthropological works as Lewis Henry Morgan's *Ancient Society* (Morgan, 1877) . These formed the basis for the classic work by Engels, *Origin of the Family, Private Property, and the State* (Engels, 1884) . Anthropology thus played an important role in the formation of Marxist ideas on social development.

Anthropology has made significant advances since Marx and Engels wrote in the nineteenth century. There have been spectacular fossil discoveries. The remains of ancient civilizations have been uncovered. The database of Anthropology has been improved through more careful observation and analysis of non-Western peoples.

The theoretical advances within Anthropology are equally important. The establishment of a professional anthropology in the twentieth century was marked by the development of cultural relativism. No longer were "primitive" cultures to be understood as stages through which Europeans had already passed. Instead, every culture came to be

seen as a separate and unique experiment in human possibility—as if each were a differently colored, separate piece in a mosaic of human diversity, to be studied, and valued, in its own right. (Keesing, 1981, 111-12)

This amounted to a Copernican revolution in Anthropology (Clastres, 1977, 17) . Rather than seeing Europe as the sun around which all "primitive" and "underdeveloped" societies revolve, we now see the West as but one facet in the mosaic of the human adventure on earth. This is not intended to

denigrate the contributions of Western civilization but rather to place them in a broader perspective.

This changed way of thinking has far-reaching implications in every field of study, including Marxism.

Marx was heir to the Enlightenment, and shared its Eurocentric view of progress. European capitalism, representing the highest phase of human development, was laying the foundation for the next phase, socialism. The socialist future would be built by the workers of the same nations that led the world into the capitalist present.

In the twentieth century, Marxism spread throughout the world and was no longer a purely European movement. Nevertheless, it retained an essentially Eurocentric view of capitalism, and therefore of socialism as well.

It is here that modern anthropology may make a contribution.

If we review the history of our species, we see that the period of Western dominance has occupied but a fragment of humanity's existence on earth. The few hundred years of European domination of the planet has been very brief considering the five thousand years since civilization began in Asia and Africa and the five million years since our species separated from our apelike ancestors in Africa.

During this time, different groups of humans have developed a wide variety of life-styles, social structures, and belief systems. Modern anthropology attempts to understand this variety, not as higher or lower stages in a unilineal development, but rather as so many equally valid ways of being human. From the standpoint of many indigenous peoples, Europe is not more "advanced." It has simply gone off in a direction that they don't want to follow.

The option of not following the European path is simply not open, however. European science and technology may not be "better" than that of non-European peoples, but it is more powerful, in the sense that Europeans could use it to impose their patterns on non-Europeans. This is the reality that underlies the observation of Marx and Engels about capitalism:

It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In one world, it creates a world after its own image. (Marx and Engels, 1848, 24)

It creates a reversed image, however. What is imposed on the Third World is not the "respectable" form capitalism of the Euro-American nations but rather the naked, underdeveloping form of capitalism.

The Two Faces of Capitalism

Our Eurocentrism should be further limited when we consider how it was that the West rose to world domination.

The conventional wisdom would have us believe that Europe advanced and became "developed" while Asia and the rest of the world stood still and became "underdeveloped" in relation to Europe. But as Marx clearly showed in his chapters on the primitive accumulation of capital, Europe financed its industrial revolution through the plunder of the non-Western world:

The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins, signalised the rosy dawn of the era of capitalist production. (Marx, 1867, 751)

The emergence of capitalism, the creation of a world market, the development of modern science and technology, and the Industrial Revolution were not purely European achievements. They were built upon the earlier achievements in science, technology, and economics of the Afro-Asiatic civilizations. They were paid for by the plunder of the non-Western world. Therefore, they were achievements of our species, not of Europeans alone. Europe may have gained the benefits, but the rest of the world paid the costs.

This process transformed not only Europe, but also Asia, Africa, and Latin America. As Europe advanced and industrialized, the rest of the world was de-industrialized and pushed backwards in terms of social and economic development. This is the process which Andrew Gunder Frank (1967) has called "the development of underdevelopment."

What we see in the non-Western world, then, are not precapitalist social formations, but social formations which have been transformed by capitalism. We can no longer see the non-Western world as "primitive," "traditional," or "precapitalist," but rather as a particular form of capitalism: underdeveloping capitalism.

Nor can we view Third World nations as "developing" nations, except in the sense that human societies are always developing and always changing. The question is, in what direction are they developing? The term "developing" implies the unilineal view that we criticized above, that given time the "developing" will become "developed" like the West.

Where the conventional wisdom sees as a ladder on which the West occupies the highest rung, we see a teeter-totter on which the West has moved up by pushing the rest of the world down.

From this perspective, the so-called "advanced" capitalist nations of Europe and North America take on a different appearance, for the opposite of "underdeveloped" is not "advanced," but "overdeveloped."

Rather than a world divided into "advanced" and "backward" nations, we see what Bodner has called

a worldwide combination of overdevelopment and underdevelopment that can be called "mal-development." The symptoms of overdevelopment—dependence of complex bureaucratic technologies and institutions, overconsumption, industrial pollution, and interpersonal alienation—are most apparent in countries like our own. The outward signs of underdevelopment are most apparent in poor countries. However, both aspects of mal-development can be found in most nations of the world. (1984, 4-6)

There is more here than simply a shift in terminology. As Lenin (1916) , Wallerstein (1974) , and others have stressed, capitalism is a world system within which there are different kinds of nations. Leninists speak of the imperialist nations and the oppressed nations, while Wallerstein refers to the core and periphery. Both of these sets of terms are correct and useful, but they do not exclude the misleading idea that the imperialist nations or the core are somehow more "advanced" than the oppressed nations on the periphery, which somehow remain "backward."

Rather than seeing the imperialist and oppressed nations as "advanced" and "backward," we may more properly say that capitalism takes its overdeveloping form in the imperialist nations and its underdeveloping form in the oppressed nations.

This shift in terminology has profound implications for our understanding of socialism. The term "advanced capitalist nation" implies that the Western nations, especially the United States, represent the norm towards which all other

societies are tending or should be striving to achieve. This not only distorts our understanding of the past and present, it distorts our vision of the future. We can no longer view socialism simply as European capitalism minus poverty, war, and alienation. We must re-think our concept of socialism in light of this changed understanding of capitalism and of the actual struggles of oppressed peoples over the past century.

The Many Faces of Socialism

Just as capitalism takes different forms in different parts of the world, so the struggle for socialism has taken different forms in different times and places.

The vision of socialism developed in Europe in the nineteenth century as a solution to the evils of capitalism. Marx and Engels transformed the utopian vision of socialism by linking it to a scientific analysis of capitalism and human development. Basing his views in large part on the anthropology of his time, Marx and Engels saw humanity progressing through class struggles and the progressive development of the forces of production through primitive communism, slavery, feudalism, and capitalism. European capitalism thus represented the highest phase of human development—but not the final phase. Socialism would emerge from the struggles of the working class. After the workers had overthrown the capitalists, they would build a new society, socialism, on the industrial foundation laid by capitalism. The socialist future would thus be built by the workers of the same nations that led the world into the capitalist present.

In the nineteenth century, this view seemed reasonable enough in light of the Paris Commune and the growing strength of the socialist movement in Western Europe.

In the twentieth century however, the vanguard of world revolution moved out of the imperialist nations and into the oppressed nations of Asia, Africa, and Latin America—to Cuba and the Philippines in 1898, China in 1900, Russia in 1905, Persia in 1906, Mexico in 1910, China again in 1911, and, once again, Russia in 1917, China in 1949, and Cuba in 1959.

These revolutions ushered in a new phase in the history of class struggle.

Scores and indeed hundreds of times in the course of the centuries the labouring people have striven to throw off the oppressors from their backs and to become the masters of their own destiny. But each time, defeated and disgraced, they have been forced to retreat, harbouring in

their breasts resentment and humiliation, anger and despair, and lifting up their eyes to an inscrutable heaven where they hoped to find deliverance. The chains of slavery remained intact, or the old chains were replaced by new ones, equally burdensome and degrading. Ours is the only country where the oppressed and downtrodden labouring masses have succeeded in throwing off the rule of the landlords and capitalists and replacing it by the rule of the workers and peasants. You know, comrades, and the whole world now admits it, that this gigantic struggle was led by Comrade Lenin and his Party. The greatness of Lenin lies above all in this, that by creating the Republic of Soviets he gave a practical demonstration to the oppressed masses of the whole world that hope of deliverance is not lost, that the rule of the landlords and capitalists is shortlived, that the kingdom of labour can be created by the efforts of the labouring people themselves, and that the kingdom of labour must be created not in heaven, but on earth. [as quoted by Cameron 1987:25]

Lenin not only provided the leadership for the October Revolution, he developed the organizational form—the vanguard party—which dominated revolutionary activity for much of the twentieth century. Lenin also made important changes in the theory of capitalism to account for the actual changes from the 19th to the 20th centuries.

Lenin saw that the capitalist system had become a global system of imperialism in which capitalists exploit not only their own workers in Europe and North America, but also the peasants and workers of the oppressed nations of Asia, Africa, and Latin America. Accordingly, the socialist revolution needed to be international in scope.

Lenin changed the slogan of revolution from "Workers of the World, Unite!" to "Workers and Oppressed Peoples of the World, Unite." Under Lenin's leadership, an alliance was formed between workers and peasants, symbolized by the hammer and sickle. This alliance led to the historic socialist revolutions of the twentieth century in Russia, China, Cuba, Vietnam, and Eastern Europe.

These revolutions occurred in the so-called "backward" areas of the globe, what Lenin called the oppressed nations and what we have called the underdeveloping capitalist world. As a result of these revolutions, Marxism-Leninism became a world movement and put down deep roots in cultures throughout the world. However, it remained essentially European in its view of the past, present, and future.

While Marxism-Leninism of the Third International was becoming the dominant form of socialism throughout the underdeveloping world, Social Democracy became the dominant form in the overdeveloping world.

Thus, in the twentieth century the struggle for socialism took two major forms corresponding to the two forms of capitalism. Both of these forms represent significant modifications of the ideas of the founders of scientific socialism in the 19th century.

The Marxist-Leninists of the Communist International were successful in overthrowing the rule of the landlords and capitalists and in beginning the long process of building socialism. These successes occurred in the underdeveloping capitalist world where the material foundation of industrialism was lacking. Out of necessity, socialism could not be seen as simply a consequence of industrialization. It had to become a method of industrialization. Further, these nations came under vicious attacks from the imperialists. As a result of these material conditions, what developed was not socialism as it was understood in the nineteenth century. Many would not call the result socialism at all and prefer terms such as degenerated workers state or state capitalism to refer to these post-revolutionary societies. I have suggested the term protosocialism (Ruyle, 1988). It is beyond the scope of this paper to consider the nature of these societies in any detail, but it is essential to understand the world historical conditions of their existence.

In the overdeveloping capitalist world—most notably the Scandinavian nations but also elsewhere in Western Europe and even the United States—Social Democracy attempted to build socialism in an evolutionary rather than a revolutionary manner. The industrial foundation for socialism may have been present, but it was still controlled by the capitalist class. This may have been a more humane, "respectable" form of socialism, more compatible with the "respectable" form of capitalism in the overdeveloping nations. From the standpoint of scientific socialism, however, it lacked an essential precondition for the emergence of socialism: the working class was not the ruling class.

Neither of these attempts was able to sustain itself under the Thatcher/Reagan assault. Although both have been discredited in the eyes of many, both made notable accomplishments and both exhibited significant shortcomings.

Communism in the Soviet Union was able to build an industrial system more rapidly than any other nation in history. This system provided full employment, health and

educational benefits, and social security to the people of the Soviet Union. These achievements were made while the Soviet Union was fighting back some of the most vicious attacks in the history of our species: the Civil War, the Nazi invasion, the Cold War. The costs were great, but it is not clear that they were greater than those associated with the industrialization of Western nations or Japan.

The Social Democracy of the overdeveloping nations was able to win significant gains and provide a high degree of affluence and personal freedom for the working classes of these nations. However, this humane, "respectable" socialism could be enjoyed only by a small minority of our species. It was simply not an option for those living under the naked, underdeveloping form of capitalism.

Any serious evaluation of the attempts to build socialism in the twentieth century must include an understanding of the limitations under which they were undertaken. Marxism-Leninism attempted to build socialism in nations that lacked the industrial foundation for socialism. Social democracy attempted to build socialism without first conquering state power. Neither occurred within the material conditions that the founders of scientific socialism regarded as essential.

Further, and most importantly in the context of the present discussion, both were guided by a vision of socialism which was fundamentally flawed in that it was linked into the unilineal, Eurocentric views of the 19th century. Socialism continued to be viewed, by Marxist-Leninists and Social Democrats alike, as an affluent, industrial social order within which the predominant life style would not be that different from that of the upper middle classes of Europe and North America. People would live in single family homes with appropriate kitchen appliances, electronic gadgetry, and one or more family cars. What would be new is that this life style would be accessible to everyone. Poverty and alienation would be eliminated, and everyone would enjoy a comfortable, affluent, bourgeois life style.

We may question whether this is desirable. We must question whether it is possible. The alienating culture of overconsumption pursued by perhaps one fifth of our species consumes probably four fifths of the earth's resources. As this culture spreads, it simply hastens our rush toward ecological catastrophe.

We do not necessarily need to totally abandon the concept of progress, but it is essential that we abandon Eurocentric views of progress. Western industrial capitalism is not the

norm toward which all societies tend, and it cannot be the model for the socialist future.

Clearly, we need to re-think our concept of socialism, and take some lessons from surviving indigenous peoples and the small scale societies of the Third World. The socialism of the twenty-first century will probably not be centralized and bureaucratic, but more community oriented, people centered, democratic, environmentally sensitive, and ecologically sustainable. In a word, it may not have much resemblance to what we have in the West.

The socialism of the twenty-first century may not even be called socialism, but that is not important. As Walden Bello has observed,

Whether one calls the alternative socialism, social democracy, democratic capitalism, or people-centered development is less important than its essence: the subordination of the market, or the institutions of production and distribution to community (Bello, 1994, 113)

As Marxists, of course, we have a good deal to say about the market and other institutions of production and distribution. But we are not the only ones to have something worthwhile to say on these topics, and we cannot expect to have the last words in the discussion. We must take seriously the admonition of Marx and Engels that we have "no interests separate and apart" from those of the workers and peasants whose labor powers the engines of production and distribution in the world economy:

The theoretical conclusions of the Communists are in no way based on ideas or principles that have been invented, or discovered, by this or that would-be universal reformer. They merely express, in general terms, actual relations springing from an existing class struggle, from a historical movement going on under our very eyes (Marx and Engels, 1848) .

This "historical movement" has both broadened and deepened since 1848. It is no longer limited to Europe, nor to the industrial proletariat. As Joshua Karliner has observed,

a process of grassroots globalization is taking shape. It is an increasingly vibrant web of communities, social movements, labor unions, indigenous peoples, environmental groups, consumer activists, lawyers, artists, elected representatives, and many more who are working not only to demand, but to begin to define and build movements for

social and environmental justice across borders and across what often have been divisions amongst us (Karlner, 1998, 8) .

Clearly, this "vibrant web" of people's struggles is the arena within which Marxism must re-locate itself. To do so, we Marxists must adapt to this actual "historical movement going on under our very eyes."

Concluding Remarks

Marxism began in Europe in the 19th century. As it became a world movement in the 20th century, Marxism continued to be Eurocentric in important respects, most notably in its unilineal view of capitalism and in its vision of the socialist future.

It is time to rid ourselves of unilineal and Eurocentric views of capitalism and socialism. It is time to understand that capitalism comes in two forms: an overdeveloping form in the imperialist nations and an underdeveloping form in the oppressed nations. Neither of these forms provides a model for the socialist future. It is time also to recognize that the socialism of the twenty-first century will probably not look much like the socialisms of the twentieth century.

It is time for the Marxism which grew out of the class struggles of 19th century Europe to re-locate itself in the complex and diverse global class struggles at the beginning of the 21st century. This necessarily involves encounters with areas in which Marxists have not always operated comfortably in the past—feminism, ecology, spirituality.

Many of the lessons of Marxism have already been learned by participants in these struggles, but much of what we hold dear is not accepted. Perhaps it is time to re-examine our assumptions and methods.

Consider, for example, the following response of a Brazilian Bishop to a questions about the proper role of Christians in the United States:

The only legitimate response for a conscientious and Christian First World is to commit suicide. Let me explain. To commit suicide as the First World. The reason is very simple. The only reason there is a First World is that there is a Third World. With that I have said everything. Everything about dependence, cultural domination and economic exploitation. So only to the extent that the First World stops being first will we be able to stop being third. In the United States and in Europe, I think the

church should be a kind of "fifth column" dedicated to undermining the present undemocratic capitalist system, to end imperialism and all forms of domination and cultural colonization. (Casaldáliga, 1987, 15)

Perhaps it is time for First World Marxists to commit suicide, to abandon Eurocentrism and chauvinism, and to learn anew how to serve the global struggles of the coming century.

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