

foregoing arguments is that the response has been suggestive of a commitment to the masses. If this were not so, why then have other African regimes reacted differently to the same stimuli and pressures as have been manifest in Tanzania? The progressive strengthening of a revolutionary stand in Tanzania (to which attention was drawn at the outset) is a factor of the greatest significance. It suggests movement on the road to socialism, both in practical terms and as an aspect of ideological development. Of course, there is a major difference between historical tendency and accomplished fact, but consciousness and political behaviour form part of the bridge between the two. This is not to be overlooked by anyone attempting the rigorous task of applying scientific method to social reality with the view of aiding the birth of African and International Socialism. Theory that is non-Marxist must be evaluated in terms of whether or not it is substantively anti-worker or anti-scientific. Invariably, socialist revolutions have their roots not only in Scientific Socialism as a body of thought but also in the formulas independently and correctly arrived at by precursors who did not use Scientific Socialism as their point of departure.<sup>34</sup>

African nationalists are certainly involved in the African revolution in the two types of front represented by Mozambique and Tanzania respectively: namely, the fighting front and that of 'peaceful' transformation. Leaders of these two related struggles will at some point have to come to terms with a consistent theory for 'appreciating' their situation and taking action. Russia, China, Vietnam, Korea, Cuba — i.e., every successful socialist revolution has borne out the truth of Engels' observation that Scientific Socialism is the fundamental condition of all reasoned and consistent revolutionary tactics. The mobilisation of the producers, the defence of revolutionary gains and the advance of the struggle against modern monopoly capitalism are not tasks that can be accomplished by good intentions alone. Masses of people have to enter into an epistemology and a methodology different from those to which they have been accustomed. In China, they call it 'Mao Tse-Tung thought' — a blend of specific insights and pre-existing theory. There is nothing inherently improbable in Tanzanian *Ujamaa* continuing to advance to reach that position. But, in the light of the claim that certain intellectuals have become so enamoured of Tanzania as to relinquish their critical function, let it be clear that this is no paean of praise. It is an assessment of a possibility than can be realised only through an ideological and political struggle to transcend the alienation from that part of the heritage of man which is called 'Scientific Socialism'.

34. With reference to the Russian situation, both Marx and Lenin had the highest regard for Chernyshevsky. In Cuba, Jose Marti falls into the same category, while Fidel Castro himself is a living example of transition from honest committed bourgeois idealism to Scientific Socialism.

## PLURALIST OR UNITARY ECONOMIC SYSTEMS

*A Contribution to the Dialogue between Western Social Science  
and Marxism*

MANUEL GOTTLIEB\*

MODES OF PRODUCTION—DOMINANT AND IN HISTORIC SUCCESSIONS

The fruitful Marxian concept of mode of production and its corresponding social relations is here presupposed and is related to the more diffuse notion of an institutionalized economic system considered in the continuum represented at one pole by an isolated national society and at the other by a multinational imperium linked by trade, migration and rule of some kind. The concept of an institutionalized economic system as related to a counterpart sociopolitical order has been elsewhere examined by the present writer and is not here treated as problematic.<sup>1</sup> The first section of the paper probes into the plural or unitary character of older modes of production especially feudalism and capitalism at the limiting poles of the continuum and with reference to the mode of small-scale commodity production. The second section elucidates criteria for the determination of an economic system with special reference to the essential nature of a socialist economy and its political character. The third section of the paper sets forth selective applications of the preceding

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1. See my own earlier papers: 'The Theory of an Economic System', *American Economic Review*, (1953) 350—363; 'Toward a Sociological Economics', *Indian Journal of Economics*, (April 1957.)



theoretical presentation to current policy issues in Tanzania involving interpretation of the relationship of the Tanzanian economy to the larger multi-national orders touched by this economy and to the terms of coexistence between a socialist urban mode of production and non-socialist commodity-producing modes of production in agriculture and trade. The discussion throughout is suggestive and abounds with historical illustrations not pursued in depth or documentation.

In Marxist literature economic systems are defined as modes of production or rather as the social relationships between classes carrying out assigned functions in the production process. 'The social production forces and the production relations connected with them and based on a given type of the ownership of the means of production are jointly termed the mode of production.'<sup>2</sup> Following Marx, five classical modes of production can be distinguished running in broad historic succession—the primitive community, slavery, feudalism, capitalist production and socialism. Marx himself was partial to adding a sixth Asiatic mode of production involving a variant outgrowth from the primitive community with direct state ownership of land and state management of water systems.<sup>3</sup> It has lately been suggested that an African mode of production—presumably a special variant of the primitive community—may be distinguished.<sup>4</sup> Beside broad historic succession for the five classical modes, the Marxian analysis specified that each mode in its time would be dominant and would be accompanied only by a lingering predecessor mode of production or by the early stages of a successor mode. Both notions—that of dominance or unitary modes for an economic system and historic succession—appear problematic and deserve extended comment.

The notion of a unitary mode of production would appear to be a theoretical reflection of the English society of Marx's day. One mode of production—the profit-seeking capitalist firm disposing of its products or services in an open product market and procuring its labour in an open market—prevailed in manufacturing, in wholesale trade, mining, banking and construction. Even in agriculture the yeoman farm or peasant community had metamorphosed into capitalist farms rented usually from large estates and operated by hired labour. Urban housing had likewise become a branch of capitalist enterprise, one segment engaging in land and building development, while another operated and maintained rental properties. Essential forms of public service were farmed out to private enterprise to develop and operate on a profit-seeking basis.<sup>5</sup> Issuing of a national currency and management of the public

2. Oscar Lange, *Political Economy*, (1963) p. 17; for a perceptive treatment see George Lichtheim, *Marxism* (1964 ed.) pp. 141 – 152.

3. Lange, *Political Economy*, pp. 27 – 30; I. Varga, 'The Asiatic Mode of Production' in *Political Economic Problems of Capitalism* (Moscow, 1965) pp.330 – 351; see also Marx's own version, *Pre-Capitalist Economic Formation* (1964) pp. 69 ff; I. Varga, 'The African Mode of Production: A Research Hypothesis', Provisional Council for the Social Sciences in East Africa, 1st Annual Conference 1970. *Proceedings*, Vol. III pp. 1 – 27.

4. I. Varga, *ibid.*,

5. See Sidney and Beatrice Webb, *History of Local Government in England* for early experience with the 'farming out principle' and the turnpike trusts.

debt were assigned to a chartered corporate monopoly, the Bank of England, controlled by capitalists as stockholders and managed by their representatives to make profits. The colossal power of empire in India was built up by a chartered profit-seeking corporation, the East India Company, which Marx alleged 'conquered India to make money out of it' and 'began to enlarge their factories into an Empire when their competition with the Dutch and French private merchants assumed the character of national rivalry'.<sup>6</sup> Even seats in parliament and positions in the civil service could be purchased.<sup>7</sup>

The unitary character of the mode of production and of the social relations harboured within this mode is broken, however, as soon as the bounds of the economy are extended to include production outside England which provided necessary raw materials or supplementary products or served English industry as a necessary foreign market for disposal of English specialities. Thus extended over space the most diverse modes of production are found to be included within the economic system of which England proper was the imperial centre. Interwoven by trade were the slave plantations in the American South and the Caribbean Islands (sources of cotton fibre, sugar cane, tobacco), the commercialized farm areas of North America and the serf estates of Czarist Russia and Eastern Europe (sources of cereal foodstuffs). The modes of production in China and India were drawn into the network of world trade chiefly by means of opium, a key British trading product for the Orient.<sup>8</sup> Nor was it simply 'trade' which linked these dissimilar production organizations and their occasional 'surpluses'. The possibilities opened up by trade determined what countries would produce and in what combinations. In time, standards of consumption were affected so that increasingly capitalism 'gave a cosmopolitan character to production and consumption in every country' and drew 'from under the feet of industry the national ground on which it stood'.<sup>9</sup>

This new world of trade was itself made possible by more efficient forms of water and land transport developed by English capitalism into a network of transport facilities by way of bases, ports and fueling stations. English armed forces on land and sea assumed the function of protecting this movement of commerce against pirates and predators and assuring its smooth passage in narrow straits. Thus the multi-national economic system with its diversity of modes of production had corresponding to it a certain kind of international law, imperial sway and some form of ruling elite. Quite clearly the ties running through the multinational system are different from those running through a single society with a single locus of power. Likewise there is no way the multi-national system can exhibit the quality of historic succession which Marx deemed an essential attribute of a mode of production.

Even on a purely national scale where an economic system in a narrow sense

6. Karl Marx, 'The Government of India', N. Y. *Herald Tribune* July 20, 1853 reprinted in S. Avineri (ed.), *Karl Marx on Colonialism and Modernization* (Anchor Books, NY 1969) p. 116.

7. The famous economist, David Ricardo, in the 19th century bought his seat in Parliament.

8. Karl Marx, 'The Opium Trade', 'Opium and Monopoly', N. Y. *Herald Tribune*, Sept. 20, 25, 1858, *ibid.* pp. 340 – 349.

9. From the *Communist Manifesto*.



coalesces with a social order, a unitary mode of production, such as evolved in England in the 18th and 19th centuries, is hardly typical of economic systems and strictly speaking does not apply even to England. For there also existed in the capitalist economy of Marx's day another mode, that of small-scale commodity production, to use its established term of designation in the Marxist lexicon, which has participated in a wide variety of economic systems from the world of Graeco-Roman antiquity to that of corporate 20th century America. This mode of production involves ownership of the means of production (land, tools and buildings) by a craftsman, merchant, farmer or professional who incorporates into his work a skill or art only gradually learned, who directs and manages the work of his little enterprise, who himself or through his family provides most or much of the labour required, and who sells in a commodity market for money a variable part of the product, more in the case of the merchant or craftsman or professional and less in the case of the farmer. Whether the latter is an Old World 'peasant proprietor' or an old fashioned New World family farmer, to varying degrees, he will produce on the farm most of the staple foodstuffs consumed by himself and family, some of its clothing, all of its residential shelter, most of its local transportation and some of its other household necessities. The character of the direct commodity producer is undermined, as over the lifetime of his enterprise he becomes dependent for essential work on hired labour, and at critical points, which vary according to circumstances, the direct commodity producer becomes metamorphosed into a capitalist producer.

A theoretical presentation of the economics of small-scale commodity production has not yet been written; but the economics of one of its principal types, that of the peasant farm, has been brilliantly elucidated by the martyred Russian agricultural economist, A.V. Chayanov.<sup>10</sup> Direct commodity producers appear to have, as Marx noted, a leaning to the patriarchal form of family, a restricted local orbit of exchange, a developed sense of ownership and of 'personal independence' but also a tendency toward alienated forms of consciousness since 'their own social action' in a division of labour 'takes the form of the action of the objects [money and price] which rule the producers instead of being ruled by them'.<sup>11</sup> Though often the major types of small-scale commodity production—the trader, craftsman and peasant—appear together and give each other mutual support, yet they have also appeared in separation. The trader embodied the 'oldest free state of existence of capital' with a corrosive effect on older modes of production.<sup>12</sup>

In the England of Marx's day only the urban commodity producer functioned; his rural counterpart had been replaced by the capitalist farm. In the feudal period a very well organised set of urban, direct producers and traders co-existed with feudal agricultural estates. Hence Lange describes the mode of

10. A.V. Chayanov, *The Theory of Peasant Economy* (N.Y. 1965).

11. We have drawn here on many passages in which Marx presented different aspects of the mode of direct commodity production. *Capital*, I pp. 83-4, p. 90, p. 396 (Mod Lib Kerr edn.); *Capital* III, pp. 332f, pp. 804ff. (Moscow, 1966 edn.); Karl Marx, *Pre-Capitalist Economic Formations* pp. 71ff; F. Engels, *Anti-Duhring* (3rd edn., Moscow, 1962) pp. 371f.

12. Marx, *Capital* III, pp. 325ff.

small scale commodity production as never 'dominant in any period' but 'continually appearing as a subsidiary mode of production'. He qualifies this by stating that 'simple commodity production in the shape of handicrafts' played 'a particularly important role in the later feudal period' and that the peasant producer 'plays an important part under capitalism and in the initial phases of socialism'.<sup>13</sup>

Surely the above description is somewhat of an understatement. Marx himself described the peasant proprietor as the 'economic foundation of society during the best period of classical antiquity'.<sup>14</sup> What we call feudalism can perhaps best be conceived not as a unitary but as a binary mode of production founded on two kinds of property: the feudal estate with its enserfed village community and the chartered town with its free merchants and craft guilds.<sup>15</sup>

In the capitalist world the mode of direct commodity production lost out in nearly all manufacturing, mining, wholesale trade, banking and heavy construction. In retail trade, the small shopkeeper has finally been supplanted by large-scale distributive organisation (the department store, the chain store, the super-market, the mass cooperative). But in other fields of activity the direct commodity producer has failed to disappear as Marx continually predicted he would.<sup>16</sup> The work of personal service including nearly all of the profes-

13. Lange, *op. cit.*, p. 19.

14. Marx, *Capital*, III, 786f. For a fuller treatment see Marx's earlier, *Pre-Capitalist Economic Formations*, pp. 71ff; and for a stronger version see Earnest Mandel, *Marxist Economic Theory* (London, 1968 edn.) I. p. 66

15. F. Engels once expressly characterized the entire medieval period as resting on the commodity mode 'based upon the private-property of the labourers in their means of production . . . the agriculture of the small peasant, freeman or serf; in the towns, the handicrafts'. *Anti-Duhring*, p. 367.

16. The many-sided, frequently repeated, persistently held doctrine of the disappearing nature of the direct commodity producer in a fully developed capitalist society dates at least from the *Communist Manifesto*, persists through the latest writings of Marx and Engels, and was critically reviewed in the great revisionist debate of the early 1900's. See Lichtheim, *Marxism*, pp. 289ff; P. Gay, *The Dilemma of Democratic Socialism* (NY 1962, Collier ed.) pp. 166 - 220. I cite here only the more authoritative and accessible passages:

'The lower strata of the middle class — the small tradespeople, shopkeepers, rentiers, the handicraftsmen and peasants — all these sink gradually into the proletariat, partly because their diminutive capital does not suffice for the scale on which modern industry is carried on and is swamped in competition with the big capitalist, partly because their specialized skill is rendered worthless by new methods of production'. *Communist Manifesto* (cited from a Moscow 1952 edn. entitled, 'Manifesto of the Communist Party') pp. 51-2; for the same see also pp. 56, 62, 79.

'In the sphere of agriculture, modern industry has a more revolutionary effect than elsewhere, for this reason, that it annihilates the peasant, that bulwark of the old society, and replaces him by the wage labourer' *Capital* I, ch. 15, 'Machinery and Modern Industry', Sec. 10, 'Modern Industry and Agriculture' (cited from the Mod. Lib. Kerr edn., p. 554, based upon the 2nd edition of *Capital* in its French translation directly prepared by Marx and published in 1873 and further instructions left by Marx for an English translation). 'Step by step (in America) the small and middle landownership of the farmers, the basis of the whole political constitution, is succumbing to the competition of giant farms', Marx and Engels, 'Preface' to 1882 Russian edition of the *Communist Manifesto*.

'The private property of the labourer in his means of production is the foundation of petty industry, whether agricultural, manufacturing or both; petty industry again is an essential part of the capitalist system.'



sions and repair activity on traditional products and the new consumer appliances and vehicles bear still the stamp of the direct producer. In agriculture the victory of the direct producer, in most of the world, was assisted by the reduced scope for specialized functions performed day after day by an employee. The diversified husbandry of the family farm with its scattered theatre of operations does not permit either the standardized operations or the close supervision required for most employees. The capitalist farm has a hard time holding labour that is attracted to urban centres with diversified job opportunities and higher wage levels. The large farm too is more liable to be split by inheritance and is troubled by relatively high fixed costs of production which result in losses when farm markets are glutted or when crops fail or livestock is killed by disease. The independent farmer or peasant may earn relatively low cash incomes but he cherishes the wide scope for decision-making, his freedom from supervision and his sense of independence. Thus the capitalist society of the 19th and 20th centuries was endowed not with one mode of production but with at least two modes; that of capitalist production in its strict sense and that of the direct commodity producer.

At least two modes were operative everywhere but certainly in the pristine capitalism of 19th century America, a third, distinctive mode evolved. This was the slave plantation which had developed elsewhere in the contemporary colonial world as a revival of a production form developed to classical perfection in the Roman empire. Lingered on after its formal dissolution in America, the plantation mode of production was joined by yet further evolution of modes of production. Marx predicted that the accumulation

viduality of the labourer himself. Of course this petty mode of production exists also under slavery, serfdom, and other states of dependence. But it flourishes, it lets loose its whole energy, it attains its adequate classical form, only where the labourer is the private owner of his own means of labour set in action by himself: the peasant of the land which he cultivates, the artisan of the tool which he handles as a virtuoso. This mode of production presupposes parcelling of the soil and scattering of the other means of production. As it excludes the concentration of these means of production, so also it excludes cooperation, division of labour within each separate process of production, the control over, and the productive application of the forces of Nature by society, and the free development of the social productive powers. It is compatible with a system of production and a society, moving within narrow and more or less primitive bounds . . . . At a certain stage of its development it brings forth the material agencies for its own dissolution. From that moment new forces and new passions spring up in the bosom of society . . . . It must be annihilated; it is annihilated . . . Self-earned private property . . . is supplanted by capitalistic private property.' *ibid.*, ch. 32, 'Historical Tendency of Capitalist Accumulation' (one of the most basic texts in the Marxian lexicon), p. 835f. 'As capitalist production develops, it has a disintegrating resolvent effect on all older forms of production, which, designed mostly to meet the direct needs of the producer, transform only the excess product into commodities . . . (It) destroys all forms of commodity production which are based either on the self-employment of the producer, or merely on the sale of the excess product as commodities' *Capital*, II (Moscow 1957 ed.) p. 34.

For a full statement of the grounds for the disappearance of the peasant proprietor with his dwarfish scale of production, see *Capital* III pp. 804-813 (cited from Moscow, 1966 edn.).

of capital and the increasing scope for machine processing would promote concentration of capital in the hands of larger and fewer firms. That process of concentration was achieved but as the firms got bigger and fewer and more monopolistic, their character changed. A new mode of business organisation emerged—the modern public corporation with world-wide operations and facilities. Capital is drawn from thousands of scattered investors and its security dealings are served by powerful investment bankers and the stock market which is the arena for ready transfer of interest to other investors and which brings easy liquidity of sale to compensate investors for only nominal scope for participation in, and control of, the enterprise. Guidance of these corporate organisations has increasingly passed to staffs with special training and management skills. The priorities of management have shifted, as Galbraith has demonstrated, from the simple-minded quest for maximum profits which was the hallmark of the capitalist firm proper. As Lenin argued, the large public corporation, with its enhanced monopoly power, involved distinctive attributes which marked a new stage of capitalism.<sup>17</sup>

Paralleling the growth of public corporations was another growth affecting the industrial workers assembled, disciplined and organised by the capitalist process of production. These workmen began to resist the despotic power of capitalism by forming trade unions that in Marx's day had achieved slender toe-holds and made the first inroads on control of the process of production. Persecuted by the law and bitterly opposed by capitalist employers, the unions were disintegrated by defeats almost as frequently as they were consolidated by victories. But the workers' movement persisted. In time the power of the law was turned to promote collective bargaining. Since the advent of the steam engine, no change in the Western world had so decisive an effect on the social relations involved in the process of production as the trade union. The revolution in industrial relations which the union brought by its victories in collective bargaining was reinforced by its influence over the state whose intervention via factory legislation was contemporaneously summed up by Marx as 'that first conscious and methodical reaction of society against the spontaneously developed form of the process of production.'<sup>18</sup> Nor was unionism solely or even primarily a countervailing force to corporate power. Unions attacked both capitalist enterprise and corporate enterprise and in recent years have invaded public employment and have given lower-grade officials—firemen, clerks, attendants and teachers in public services a new power of participation both in fixing wage levels and in carrying out public work. This very accelerated growth in public employment—in waterworks, schools, road maintenance, police and protective care, public works and sewerage facilities—may point to a separate mode of production, institutionalising quite distinctive kinds of social relations and playing an increasingly important role in total production. In all these ways new developments in the 20th century have further fissured the modes of production inherited from capitalism proper.

17. K. Galbraith, *The New Industrial State*; V.I. Lenin, *Imperialism: The Highest Stage of Capitalism*.

18. Marx, *Capital* I pp. 526-552.



The fully developed advanced industrial community of the West exposes to view a truly kaleidoscopic array of modes of production, each important in its own field, and none tending to dominate in the sense of displacing other modes.<sup>19</sup>

The diversity of production modes in a single society makes for friction. Classes corresponding to a given production mode tend to develop a 'way of life' and an outlook hostile to other modes of production and the classes harboured by them. Thus the feudal lords and their retainers and clerics despised the money-grabbing trader and peasant proprietor and their unheroic style of life. The bourgeois in turn held in contempt the wasteful splendour of the feudal lord unable to attend even to the simplest of his wants. And all joked about the country bumpkin who produced the food on which they depended. In the New World the hostility generated between the classes associated with the three modes of production (the slave plantation, the capitalist enterprise and the direct commodity producer), could not, in the course of social development, be accommodated within a single state and exploded in the American Civil War. Both the capitalist class and the entire world of direct commodity producers fanatically opposed trade unions and virtually any extension of public enterprise. The functionaries of a communist state are extremely hostile to any form of social thought or practical action carried out by direct commodity producers. Pluralist societies, with more than one mode of production, are thus antagonistic by their nature as they harbour mutually hostile classes, outlooks and principles. This hostility makes for an unstable, tension-ridden polity which may break down in civil war unless reconciling political institutions are developed. Foremost among these institutions is the national monarchy or the constitutionally limited rule of law, the institution of the mandarin, the elite symbiosis by which the elite of a class accustomed to rule adapts its make-up and ideas to suit the needs of a rival class. The foremost exemplar of such an elite, the English bourgeois aristocracy, presided over an imperial power which in its heyday sheltered a wide diversity of modes of production.<sup>20</sup> This presupposed the development of a sense of tolerance and relativism in the ruling elite which facilitated empire abroad and the emergence of pluralism at home.

#### ESSENTIAL NATURE OF A SOCIALIST ECONOMY

The very diversity in modes of production which we have found to attach to the concept of economic system suggests that there may be other defining criteria for an economic system. The criterion most relevant for distinguishing between socialist and capitalist economies relates to the mechanism of coordination and control which differentiates economies. The socialist

19. I construe 'dominance' here in its naive ecological sense as the climatic organic form of life tending to prevail in a given environment. Political dominance is another question.  
20. See K. Marx, 'The Elections in England — Tories and Whigs' 'The Crisis in England and the British Constitution', N.Y. *Herald Tribune* Aug. 21 1852, March 24, 1855 (reprinted in Marx and Engels, *On Britain*, (Moscow 1962), pp. 351-7, 423-7.

economy, to be worthy of the name, must be subject to some form of conscious social control. In those terms Marx differentiated the political economy of the middle class with its faith in 'the blind rule of supply and demand' from 'social production controlled by social foresight', the 'political economy of the working class'.<sup>21</sup> That dichotomy is perhaps not as clear cut now as it was a century ago. The laws of supply and demand work less blindly today because economic research can often determine the nature of applicable supply and demand functions and can indicate the likely course of market behaviour. Socialist economies may also fix price levels to balance supply against demand in ways that clear markets at some level of approximation.

The dichotomy that Marx intended comes out more clearly in what Marx termed expanded reproduction on an increasing scale arising out of investment activity. In three crucial respects the investment activity of the capitalist economy is restricted in its social dimension. First, most industrial investment is limited to profits re-invested within the bounds of the enterprise where the profits were earned and accumulated. By use of banking resources available, savings can be invested not where they are earned but where they are most needed and for very reputable firms with strong earning records some diversion of long-term savings arising outside the industrial process can be channelled into industrial investment. Where the modern public corporation has replaced the capitalist enterprise proper, the field of investment found within any individual firm has been greatly widened by its diversification of activities. But industrial investment still cannot draw upon the social surplus of the whole of society and profits still tend to be reinvested most readily at the points where they are earned and not at the points where fresh capital is most needed.

The socialist economy is first of all distinguished by the radical enlargement of the saving process achieved by greater *social abstinence* from foregoable consumption and by *mobilization of savings* throughout the whole of society whether in agriculture, industry or trade.

Secondly, the socialist economy will be distinguished by *centralization of savings* pooled under central control to assure investment on a coordinated plan at those points in the economy where investment will be most fruitful, i.e. will contribute to and give most support for the process of growth and modernization. Whereas in the capitalist process of accumulation the bounds of the enterprise preclude sharing in any systematic manner in their investment dispositions of other enterprises carrying on related activities, in the socialist economy there is full illumination of all investment planning simultaneously coordinated into a single plan. Since the process of growth steps up requirements all along the line (for manpower training and recruitment, warehousing and transportation of products, energy and power, new industrial plant, residential dwellings and urban facilities including public edifices, public works, water supply and sewerage), socialist planning requires an immense diversification of investment expenditure in a comprehensive programme.

21. Karl, Marx 'Inaugural Address of the Working Men's International Association,' 1864 reprinted in *On Britain* pp. 483-492.



In the capitalist economy the private character of the enterprise requires that all or most of these linkages between activities and inputs be experienced empirically as shortages or surpluses before responsible managers can take account of them and devise a suitable response. At the most a trend projection of the past can be extrapolated but such projections are dangerous to rely on for the growth process is not smooth and steady but uneven and subject to interruption and change.

Growth planning in the socialist economy may not only be coordinated in all spheres of investment activity, but it has also the advantage of not being confined in its estimation of investment need to present stocks of resources in manpower and production facilities and outputs generated by them. Plans for growth will go beyond consideration of present stocks to allow for the feedback effects of successive rounds of investment activity on a *gradually changed and augmented supply of productive resources and the output flows that may be predicted from them*. Present investment plans can thus anticipate needs that may materialize fully only in a relatively distant future and construct facilities which require much advanced planning or which have long periods of gestation. This was the magic of the early Soviet Five Year Plans that sparked the enthusiasm for planning in the non-Soviet World despite the blunders of policy-making, the crudities of much of the planning and the authoritarian character of the economy.

Soviet planning showed the tremendous advantages of a socialist economy when the full potential of this economy was consciously utilized for rapid growth. Without growth there is little need for socialist planning since the economic dispositions today will mirror yesterday and an equilibrium can be worked out empirically by the trial and error method of market. A traditional capitalist economy using the methods of the market can grow—history discloses that—but at a relatively slow average rate allowing for fits and starts and the instability that necessarily attends growth in a capitalist economy. A modernized capitalist economy with a sizeable public sector and a diversity of modes of production with awareness of its own cyclical tendencies and disposing of policy control to hold these tendencies in check, can grow perhaps at a little faster average rate, but stability and growth are difficult to reconcile with one another. If the capitalist economy really wishes to mobilize its resources for rapid growth, as it does during wartime, then it temporarily changes its institutions and applies some of the methods of socialist planning.

The hallmark of the socialist economy thus should be the existence of socialist growth planning. Socialization of industries and banking and effective control over foreign trade is a necessary but not a sufficient condition for socialist growth planning. If the rate of saving is not augmented by enforced abstinence, if surpluses arising anywhere in the society are not effectively mobilized and pooled, and if the pooled and augmented fund of savings is not invested according to a coordinated plan which allows for the feedback effects of its own activity, then the economy is not fully socialist. Building a socialist economy then means devising the requisite institutional arrangements for socializing

property, for mobilizing and pooling savings and for building up a planning organisation which can make an effective use of these growth resources.<sup>22</sup>

#### CONCLUSIONS AND APPLICATIONS

The relevance of this theoretical presentation to current policy debate in Tanzania may now be indicated. One recent attempt to evaluate in theoretical terms the character of the Tanzanian economy emphasized Western control over the Tanzanian economy because extensive trading relationships with the West provide markets for most exports and sources of most imports apart from projects financed by foreign aid coming both from Eastern and Western powers.<sup>23</sup> Attentions also focused on the role played by American and Western European multi-national corporations active in the Tanzanian economy through concessions or through management and advisory services to nationalized corporations. The discussion was uninformed by the fundamental principle that a given economy may well have a dual classification: one on a micro level reflecting the character of that economy in terms of its institutional make-up, its ethic or ruling norms and its central mechanism for allocating resources or investment planning; the other on an international level reflecting its alignment with the worldwide systems whose influence centres in North America, Western Europe, the Soviet Union or increasingly we must add Communist China. For various reasons the non-aligned position of Tanzania is relatively well-respected in power-élite circles and to a certain extent the great power blocs are neutralized or are inhibited from attempting to influence by any direct action the nature of the Tanzanian economy. Certainly, the complexion of foreign trade is by no means crucial, especially since the Tanzanian state has nationalized all importing and exporting trade agencies and has established a virtual state monopoly of foreign trade and foreign exchange. This makes it possible for internal economic life to be developed in patterns that are relatively unaffected by world market arrangements. The role of the foreign corporations through licensing and other arrangements would not in itself nullify and would be consistent with the core arrangements for investment growth planning of a socialist economy.

Much concern also has been expressed by Tanzanian socialists over the democratic or authoritarian character of the socialist economy. President

22. A *socialist economy* may be distinguished from a *socialist society* for which our analysis does not provide. Our 'hallmark' feature of the socialist economy expresses a prevailing emphasis in recent writing by P.A. Baran, Arthur W. Lewis, Oscar Lange and others on the processes of *socialist investment* rather than *commodity distribution* or *resource allocation*. This emphasis corresponds to Stalin's articulation of the basic feature of a socialist economy as one in which the 'law of balanced (proportional) development of the national economy' via conscious investment planning superseded the 'law of competition and anarchy of production' by which resources are allocated among enterprises by the law of value. See J. Stalin, *Economic Problems of Socialism* (Moscow, 1952) pp. 18, 33; Oscar Lange, *The Political Economy of Socialism* (Hague Inst. of Social Studies 1958) pp. 20ff.
23. I. Shivji, 'Tanzania: The Silent Class Struggle,' Provisional Council for the Social Sciences in East Africa . . . 1970. Vol. I, *Proceedings*, pp. 441-491



J. Nyerere places this question uppermost in his writing. By defining socialism as an 'attitude of mind' he stresses that unless in the socialist economy citizens aspire to public service rather than to self-enrichment, if equality of treatment and not personal aggrandizement is not the dominant norm, and if raising the low and not the high is not the dominant objective of the society, then the economy is not socialist.<sup>24</sup> Whether the socialist economy will develop in a democratic or authoritarian direction and with egalitarian distributive patterns depends upon factors which are extremely varied: the traditions of the society embarking on the socialist path, the political institutions devised for allocating power and competing for office, access to the mass media, openness of courts and independence of the judiciary, differential access to education and other factors as well.

Much depends on whether the ruling class of a socialist economy—which presides over and manages public properties, which operates the government and which directs and programs investment and productive activities—minimizes the beneficial use it makes of its own directive role; how the socialist ruling class is recruited; how fanatically this class denies its own existence; how access to membership and promotion to high position is determined; how freely opinion is expressed within the ruling class itself; how it organizes its own corporate activity, and finally how it relates to the underlying population of industrial workers, clerks, attendants in offices or shops, farmers and others who have no directive function in the society. A socialist economy may thus be more or less class-bound or egalitarian, democratic or authoritarian. Certainly the dimension of egalitarian-democratic response need not be unvarying but may have a dynamic of its own.

The capitalist economy functioned in a wide variety of social settings and political arrangements. The political development under capitalism was not static nor uniform. Though launched with a class-bound political state in which the underlying population was denied all participation in the political process, capitalism developed in England, in North America and in most of Western Europe a surprisingly large potential for democratization. Later this was followed by tendencies to fascism or authoritarian rule. A similar variety of social and political patterns may be expected for the socialist economy.

Another area of focal concern in recent Tanzanian policy debate concerns the tendency of peasant agriculture as it commercializes to grow outside the bounds of the family farm and to spin off a powerful class of capitalist farmers dependent upon wage labour and using advanced technology. 'In many places our most intelligent and hard-working peasants have invested their money . . . in clearing more land, extending their acreage, using better tools and so on until they have quite important farms of 10, 20 or even more acres.' To do this these farmers 'have employed other persons to work for them.' In this way 'we are getting the beginning of an agricultural labouring class on the one

24. J.K. Nyerere, *Uhuru na Ujamaa* (NY, 1968) pp. 2ff., 25f, 309f.

In the Swahili version Nyerere stated simply that socialism (*Ujamaa*) like democracy was of the heart (*ni moyo*), p. 1.

hand and a wealthier employing class on the other'.<sup>25</sup> This vision of the danger of differentiation of family peasant farming as it becomes commercialized is reminiscent of the Marxian prognosis of the disappearing peasant proprietor and has been spelled out in important writings which gather together available scattered evidence of the emergence of capitalist farm enterprises in the country.<sup>26</sup>

This evidence is far from conclusive in the absence of a comprehensive farm census showing the distribution of farm assets and output by farm size classes, the amount of farm tenancy and hired labour, and the dynamics of movement of both tenancy and farm size by transfer over time of farm property through inheritance, sale or lease. Much of the evidence assembled so far is methodologically suspect since it ignores variations in the distribution of farm property and output arising demographically because farm families with mature young males contain much more labour power and raise more crops than households just starting out or about to disappear through old age or death. Likewise no allowance is made for the year-to-year variation in output because of climatic variations, which are far from uniform in any one region of the country, or the outbreak of disease or a disabling illness in the farm household. Other items of evidence cite examples of the accretions of land by capitalist farm enterprises but do not exhibit tendencies toward the breakup of such enterprises because multiple marriages and larger families maintained by wealthier farmers lead to fragmentation of holdings when distributed among many heirs. Examples of hiring farm labour are cited without distinguishing between episodic hiring of labour as a short phase in the life cycle of a family farmer or as a phase by which young farm males may decide to leave family farming and migrate for work. The percentage of farmers hiring labour has been enumerated but not the relative importance of the total labour supply hired from outside or supplied by family members. Nor is it clear how often, within a given year, the same man may hire labour and may himself work as a hired labourer. The concentration in holding of livestock among pastoral people has been frequently noted but not the dynamics of formation or breakup of herds through the incidence of marriage and the paying of bride-wealth.<sup>27</sup>

Though the evidence is methodologically suspect there is no doubt that it indicates that as subsistence agriculture has become drawn into the commercial orbit, differentiation has occurred. But if peasant experience elsewhere is any guide, it is doubtful whether differentiation would result in a dominant class of capitalist farms in the proper sense of that word, using wage labour

25. *Ibid.*, pp. 342, 407.

26. The case is basically made in Lionel Cliffe, 'The Policy of Ujamaa Vijijini and The Class Struggle in Tanzania', June 1971 (prepared for publication in Nairobi); J. Iliffe, 'Agricultural Change in Modern Tanganyika: An Outline History', Provisional Council for the Social Sciences in East Africa . . . 1970, Vol. 3, *Proceedings* pp. 303-344.

27. We have been encouraged in this itemization of methodologically suspect evidence by the lecture on these issues at the University of Dar es Salaam by T. Shanin in September 1971. See his valuable *Peasants and Peasant Societies, Selected Readings* (ed. T. Shanin, Penguin Books, 1971).



to carry out the basic farm work.<sup>28</sup> Most successful cash-crop enterprises at some phase of their life cycle are likely to depend upon hired labour or upon leasing land, but over the whole life period most farm labour would be provided by the family. And since a large amount of new farm acreage must be opened for farm settlement to accommodate the rapidly rising population and since this acreage is totally under public control and may easily be channelled into cooperative village settlements or detached farm homesteads, little of the new farm land need take on capitalist form.<sup>29</sup>

Would it be embarrassing or compromising for a socialist Tanzania to rest upon an economic basis which includes a limited number of capitalist farms, many *Ujamaa* villages but a preponderance of direct commodity producers oriented to the commodity market? Economically this seems feasible enough but it is psychologically difficult unless a large and generous sense of tolerance and restraint is cultivated in the exercise of power held in Tanzania solely by the socialist sector. As yet only the direct political expression of the peasant proprietor has been curbed. But public resources and aids have been increasingly withheld from him. President Nyerere has expressed his belief that the drift to capitalist farming could be 'arrested without difficulty' and he forthrightly opposed stopping this drift or promoting cooperative farming by 'persecuting the progressive farmers'.<sup>30</sup> Any real attempt at persecution is bound to backfire—if the example of Soviet society and the eastern socialist states in their efforts to manhandle their peasant population have any lessons for us—and slow down the growth of the export surpluses which help to finance the accelerated growth of socialist industry.

Let us pause to consider the implications for Tanzanian socialism of the direct commodity producer serving as trader, craftsman, or in personal service enterprises. The essential issues are similar to those just presented for his rural counterpart. The experience of Soviet economies and of the Eastern world generally is that elimination of this field of private enterprise tends to load the socialist economy with a task uncongenial to and to deprive the consuming population of a wide range of personal services which do much to make life

28. For a well-informed evaluation of development tendencies in Tanzanian agriculture with a view to estimating the strength of peasant family proprietorship, see David Feldman, 'An Assessment of Alternative Policy Strategies in the Agricultural Development of Tanzania and Their Application to Tobacco Farming in Iringa', Economic Research Bureau, University of Dar es Salaam, E.R.B. Paper 68, 21.; H. Ruthenberg (ed). *Smallholder Farming and Smallholder Development in Tanzania* (Munich 1968). For a rough survey of peasant experience regarding differentiation see D. Mitrany, *Marx Against The Peasant: A Study in Social Dogmatism* (Collier NYC 1961 edn). The classical analysis of the strength of forces making for differentiation of a peasantry undergoing commercialization is Lenin's. *The Development of Capitalism in Russia* which concluded that a predominant 'peasant bourgeoisie' was already (1899) 'master of the contemporary countryside'. Lenin, *Collected Works*, (Russ. edn., vol. III) p.177. Writing eight years later after the experience of the Russian Revolution and peasant movements Lenin acknowledged the 'mistake' of that earlier analysis which involved 'overestimation of the degree of capitalist development in Russian agriculture' Lenin, *Collected Works*, vol. 13 pp. 291f.

29. Expressly allowed for in the Nyerere Programme. *op.cit.*, 360f, 365f.

30. *ibid.*, p. 407

Since the text was written in October 1971, recent events have indicated (by March 1972) that in some rural areas measures of persecution or direct land confiscation have been employed.

more pleasant and comfortable at a comparatively small cost. The level of earnings which can survive in this competitive service field is not high.

As President Nyerere reported in 1967, traders and service operators are often willing to accept lower earnings and longer hours of work for the greater range for self-expression found in callings of one's choice.<sup>31</sup> In an agricultural country the rural private trader who buys raw farm produce and retails farm supplies and consumer goods, serves the additional function of relieving the farmer from total dependence upon nationalized state trading. A monopoly of his produce tends to appear hateful and oppressive in the peasant's eye and often in fact performs its trading functions inefficiently and inflexibly.<sup>32</sup> For these reasons, in part, Lenin's New Economic Policy permitted private trade as part of the 'link' of the socialist worker with the peasant.

Were Tanzania to keep open this field of enterprise it would also keep attached to its socialist economy the small population of Indian people who have settled in East Africa and have contributed to its urban crafts, its rural trades, its small manufactures and its professional service.<sup>33</sup> This population appears to be now in flight because of the breakdown of the philosophy of class tolerance as evidenced by taking over of all wholesale trade, the virtual confiscation of real estate holdings with a value exceeding five thousand pounds, the enforced socialization of butcher shops in three major urban communities and finally by repeated enunciation from high quarters that employment of wage labour or rental transactions on even a

31. *ibid.*, p. 392.

32. That the peasant farmers of Tanzania had taken the measure of exclusion of the private trade and compulsory marketing of his main products with state trading agencies was indicated in the *Report of the President's Special Committee of Inquiry Into the Cooperative Movement and Marketing Boards* (DSM 1966); See also the searching analysis of Renee Dumont *Tanzanian Agriculture After The Arusha Declaration* (DSM 1969) pp. 49-51. See a later report of enquiry by a group of East Michigan University agricultural economists, H.C. Kriesel *et al.*, *Agriculture Marketing In Tanzania: Background Research and Policy Proposals* (June 1970). Because of the state monopoly of trading in farm produce, taken together with the gaps and difficulties of internal trade, a well-informed and friendly observer of rural development in Tanzania could declare in a recent seminar paper that 'a major constraint on productivity in Tanzania's rural areas arises from lack of, or poor development of the "the market". and he closes his paper with a pregnant observation: 'The peasants' view of exploitation is often that all these people in offices who say they want to help me are in fact robbing me' Roger Woods, BRALUP, 'Peasants and Peasants in Tanzania and Some Issues in Socio-Political Development', 27 August, 1971, University of Dar es Salaam, p. 11.

33. See Indira Rothermund, *Die Politische und Wirtschaftliche Rolle der Asiatischer Minderheit in Ostafrika* (I 70, 1965, No. 6); G. Delf, *Asians In East Africa* (Oxford 1963); L.W. Hollingsworth, *The Asians of East Africa* (Condon 1960); K. Schaedler, *Crafts, Small Scale Industries and Industrial Education in Tanzania* (IFO, 1969) No. 34, pp. 31-35, 80-91; Werner Kainzbauer, *Der Handel in Tanzania* (IFO, 1968, No. 15), pp. 48 ff.



small scale puts the stamp of exploitation on the persons or property affected.<sup>34</sup> This series of actions is putting under pressure the urban segment of the ancient and long-lasting mode of direct commodity production.<sup>35</sup> How long it will now survive—and with what effects on its rural counterpart, the independent peasant proprietor, or on the accelerated growth process of exports and of socialist industry—is an open question.<sup>36</sup>

34. The following succession of recent headlines and quotes in part tells the story. (*Nationalist N, Standard, S*): 'Private Lawyers Quitting Tanzania' (N, 8/27/71) of 60 private lawyers 27 have left the country . . . . 'Let's Scrap the Colonial Laws' — Karume called on the youth to uproot all remnants of economic exploitation and suggested that some Asians in Tanzania especially on the mainland occupied artificially high positions and that 'something must be done to bring them down'; 'Quit Tanzania By 1972' (N3/17/71) All non-citizen Indians living in Tanzania must leave the country by 1972, the first Vice-President said in Zanzibar yesterday . . . 'We should not have mercy on these people'; 'Ban Money Outflows' (N 3/18/71) (News of law requiring registration and conversion of foreign exchange holdings); 'Spearhead War Against Middlemen'; 'All Dar Butcheries to be Taken Over' (S 4/21/71); 4/24/71, detailed reports on Assembly debate under rules for security and expeditious handling and passage by unanimous vote on 4/22/71 of the Acquisition of Buildings Act, 1971. The laws taking over the farm trade were passed early in the 1960's but on Feb. 5, 1970 by radio broadcast the government announced the intention to take over 'the import, export and wholesale business and put them in the hands of public institutions this year' *Tanzania Trade and Industry* June 1970.
35. The present tension and accelerated emigration arises out of a background, of which the earlier phases are well treated in D.P. Ghai & P. Ghai, *Portrait of a Minority* (2nd edn. 1970, Oxford). For an unsavoury development in Zanzibar see p. 212 f. As noted, 'hatred of small-scale alien traders is a worldwide phenomenon and dates back to antiquity' (p. 116).
36. 'Quite specifically our economic growth in the next ten years will be largely determined by our export performance. We shall stand or fall by that performance. Whatever we produce, fabricate, or manufacture for export will enable us to acquire tools for further development. Therefore, a significant growth in all exportable commodities and articles, is not merely what we want, but what we must have to develop. Our farmers, workers, party and Government cadres our soldiers and our policemen, everyone of us must accept that for us exports are our lifeblood. Not static exports, but fast growing exports. If we only register a small increase every year, it will leave us where we are because the natural increase in our population will absorb this extra small benefit, and our capacity to import investment goods, technology, and supporting personnel will decline thus forcing investment to stagnate or fall. No emotional outburst or indulgence in doctrinaire debate will be any kind of substitute for this task. Without exports our schools and hospitals, our agricultural credit programmes, our roads-insufficient as they are - will be threatened'. - Speech by the Minister for Finance introducing the Estimates of Public Revenue and Expenditure for 1971/72 to the National Assembly on 17th June, 1971 (Government Printer, 1971) para. 160.

## A STRUCTURAL THEORY OF IMPERIALISM

JOHAN GALTUNG\*

### 1. Introduction

This theory takes as its point of departure two of the most glaring facts about this world: the tremendous inequality, within and between nations, in almost all aspects of human living conditions, including the power to decide over those living conditions; and the resistance of this inequality to change. The world consists of Centre and Periphery nations; and each nation, in turn, has its centre and periphery. Hence, our concern is with the mechanism underlying this discrepancy, particularly between the centre in the Centre, and the periphery in the Periphery. In other words, how to conceive of, how to explain, and how to counteract inequality as one of the major forms of *structural violence*.<sup>1</sup> Any theory of liberation from structural violence presupposes theoretically and practically adequate ideas of the dominance system against which the liberation is directed; and the special type of dominance system to be discussed here is *imperialism*.

Imperialism will be conceived of as a dominance relation between collectivities, particularly between nations. It is a sophisticated type of dominance relation which cuts across nations, basing itself on a bridgehead which the centre in the Centre nation establishes in the centre of the Periphery nation, for the joint benefit of both. It should not be confused with other ways in which one collectivity can dominate another in the sense of exercising power over it. Thus, military occupation of B by A may seriously curtail B's freedom of action

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1. For an explanation of this concept, see Galtung, J. 1969: 'Violence Peace and Peace Research' *Journal of Peace Research* 6 pp.167-91.