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## **Book Review**

### ***CAPITALISM AND IMPERIALISM: THEORY, HISTORY, AND THE PRESENT***

by Utsa Patnaik and Prabhat Patnaik, Tulika Books, New Delhi, 2021,  
ISBN: 978-81-947175-9-1

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***Capitalism and Imperialism: Theory, History, and the Present*** by Utsa Patnaik and Prabhat Patnaik, Tulika Books, New Delhi, 2021, ISBN: 978-81-947175-9-1.

***Reviewed by Mohd. Bilal, PhD scholar, Department of History, University of Delhi.***

The relationship between the advanced capitalist countries and so-called third-world countries has come under intense scrutiny as the major economies of the world are locked in an intense competition over resources and markets and the world is increasingly seeing volatile conflicts. The role of the international finance system and its major representatives, i.e., the International Monetary Fund and the World Bank, is derided by the vast mass of people across the world, who are reeling under the impact of inflation, unemployment, and the pledging of vast public resources to finance capitalists. The trajectory of mass movements in the past decade, such as in Greece, Syria, Libya, Egypt and the ongoing people's movement in Sri Lanka that ousted President Rajapaksha, is emblematic of the way the international finance capital, with its predatory designs on public resources, manages to prop up regimes amicable to it and against the people.

It is in this context that the book by Utsa Patnaik and Prabhat Patnaik traces the history of capitalism and its essential relationship with colonialism and imperialism. This book continues with the authors' earlier work on imperialism which was published in 2016. According to them, economists have hitherto written a very one-sided history of capitalism which is based on the assumption that most economists believe capitalism can be understood in isolation and as a closed system, i.e., without its essential relationship with colonialism and the vast colonial resources that eventually advanced its path. The authors, therefore, seek to correct the 'economics [that] has been perennially afflicted by a blind spot caused by being developed essentially within a metropolitan location.' (p. 11) The authors make meticulous efforts to deal with the theoretical aspect of defining capitalism in relation to colonial exploits, and then, in the final part, come to the present context, where vast changes have occurred in the world economy that need to be understood in the context of imperialism.

The book has been divided into six parts, with the first four dealing with the theoretical aspects of the relationship between capitalism and colonialism and the development of capitalism until the post-Second World War period. The last two parts of the book elaborate on the changes that have occurred in the period following the post-war boom, followed by neoliberalism. The period of capitalism is divided into five parts. The first is the period before the First World War, followed by the interwar period, the post-Second World War period or so-called 'Golden Age of Capitalism', the globalisation period, and the recent years which, in particular, have once again brought to the fore the perennial crisis in capitalism and indicate an impasse. The central but changing role of colonialism and imperialism is the thread that binds all the successive periods of the development of capitalism. The metropolises in the narrative sketched by the authors became centres of advanced capitalism only due to being aided by colonial and imperialist plunder. Hence, the central point of the book is that capitalism cannot be studied—as has hitherto been done by mainstream economics—in isolation, i.e., as a system established between capitalists and workers alone.

As per the authors, mainstream economists assume that money in the form of wealth is an aberration because of its inability to garner profits. However, contrary to this assumption, the

authors contend that this has never been the case in the history of capitalism. Instead, they set out to prove that wealth-demand for money is a persistent threat to the advancement of capitalism (*passim* pp. 12-16), which, in the absence of external stimuli, would only cause capitalism in isolation to stagnate. These external stimuli are pre-capitalist markets, state expenditures and innovations. Even the third stimulus is not an actual stimulus, which in the absence of the previous two has little effect on reproducing capitalism on an ever-expanding scale. Thus, they emphatically negate the capacity of capitalism to be self-contained and perpetual.

The authors describe capitalism at the beginning as a money-using economy. Tracing through the various schools of thought in economics, they contend that most do not see that capitalism uses money not only for transactions but also to accumulate wealth. This wealth demand of money creates the need for preserving the value of money. This is done by creating income deflation on supply price of commodities. In historical terms, this objective was achieved by imperialism. The authors define imperialism as ‘a relationship between capitalism and its setting, central to which is the imposition of a regime upon the setting that entails income deflation as a means of preventing the threat of increasing supply prices’. (pp. 81-82) By subjugating colonies, and through colonial plunder, the aim to maintain a stable supply price of raw materials for the metropole was achieved.

The book goes on to trace the many ways in which imperialism has remained central to the workings of capitalism, though its forms have changed. In the post-war years when capitalism boomed and Keynesian economics held sway, imperialism, which had in the time of colonialism resorted to income deflation through the colonial drain of wealth, was replaced by state-driven measures aimed at propping up demand in metropolis while continuing with a balance of trade that was in the favour of advanced capitalist countries. In the decolonised states, nationalist policies allowed the home-grown bourgeoisie to grab hold of the economy with a dirigiste regime. However, in the neoliberal phase, imperialism that was sought to be reined in by the decolonised states in favour of the local bourgeoisie has transformed as the local bourgeoisie seeks an active participatory role in the international finance system.

This analysis is followed in the last two parts of the book, which also provide a prognosis of the current scenario along with the attendant politics of neo-fascism that have ensued, and foresee the need to have a rejuvenated Left to counter such politics. These last parts, however, are also the weakest parts of the whole book. While the prognosis is mostly apt, the visions of transformative politics that follow seem blinkered. The authors contend that the economic order in decolonised states benefited the local bourgeoisie, but the nationalist policies pursued also brought in certain measures that were beneficial for the petty producers, peasants and craftsmen, too. However, with the integration of the big bourgeoisie with the neoliberal order, the plight of the latter sections, which benefited from the policies in the post-decolonisation period has increased, as can be observed by the recent protests against the farm laws. The farm laws which were brought at the behest of the big bourgeoisie saw an unprecedented movement develop against it. The result was the withdrawal of the farm laws, and the conclusion that the neoliberal regime bears an antagonistic relationship with the large masses of decolonised states. As the authors state, the big bourgeoisie ‘now makes common cause with metropolitan capital to “open up” the world for free flows of capital and of goods and services, to the detriment of vast sections of peasants and petty producers, and even small capitalists.’ (p. 269)

The authors make a case for transcending the hegemony of globalised finance, as the first step towards transcendence of capitalism, with a curious recipe for a revival of Left politics. According to the authors, since the international finance system and the local big bourgeoisie are against the mass of people, political alliances must be ensured not just among the labouring masses, i.e., the workers and the small and marginal peasantry, but also with the middle and rich peasantry. The merits of such an alliance in the neoliberal phase are essential for transcending capitalism. Some curious formulations also dot the last part, such as regarding petty production as something that cannot reproduce capitalism.

Absent from such formulations is the centrality of the concept of exploitation, which has been the bedrock for any transcendence of capitalism. The host of people in various categories included in the alliance also bear antagonistic relationships. The middle and rich peasantry and petty producers are certainly not in the league of big capitalists, but it is erroneous to club them in the alliance of workers and (small and marginal) peasants. Petty production, as per the authors, has been existing for millennia, and the type of market participation wherein capitalists are generated from the ranks of petty producers is long distance trade and not local exchanges.

This flies in the face of the actual development of capitalism in India, which has been captured by many economic historians such as Harish Damodaran. It has been amply demonstrated historically that petty producers have become capitalists, as in the case of Adani, who is at present one of the richest people in the world. Indeed, multiple examples can be quoted of this trajectory of development from petty producers to capitalists. Moreover, the central element of exploitation and super-exploitation which is rampant in petty production, and farming by middle and rich peasantry, is elided in the analysis, which has been and still is the bulwark for the growth of capitalism in India. Thus, the juxtaposition of the big bourgeoisie in an antagonistic relationship with the vast mass of the population, without any notice of the various divisions based on class among this vast mass of people, only leads to a blinkered vision of transformatory politics based on contradictory alliances.

It is the authors' attempt to provide a critique of mainstream economics. However, even after establishing a base for the wider implications of their critique on transformatory politics, the authors fall far short, and end up repeating the arguments for a politics that the mainstream Left in India has been engaging in for quite some time. The two-point solution to the impasse of capitalism provided by the authors is state-based delinking from the global economy through capital controls that are aimed to prevent the outflow of surplus profit. This is to be buttressed by the establishment of a global fund to provide the fiscal stimulus to countries to acquire and maintain a basic minimum standard of living, and thereby, disentangle from the hold of international finance capital. It is here that the authors lament the obstacles, chiefly the lack of anti-imperialist nationalisms, and the political quandary that the Left finds itself in due to its failure to present an alternative even at this critical conjuncture. Though the politics envisaged by the authors is aimed at propping up the Left's emancipatory politics, it gets enmeshed with the mainstream forms of (discredited) Left politics that simply seeks a revival of outdated notions of economic nationalism linked with the anti-colonial struggle. The work is a must read for a long-neglected aspect of colonialism and imperialism that was essential for the development of capitalism, but its recommendations for the transcendence of capitalism fall far short of emancipatory politics.