

Marx, Lenin, and the Structuralist Perspective



OVERVIEW

Karl Marx is one of the most imposing figures in the history of political economy. With the collapse of communism in Russia and Eastern Europe, it is tempting to conclude that "Marx is dead" and to move on to other, easier pursuits. However, ideas that originated with Marx remain very much alive today. Theories that incorporate notions of class struggle, exploitation, imperialism, and technical change, to name just a few, remain important tools of IPE analysis.

This chapter explores a number of theories, ideas, and concepts whose roots are located in *Marxist* and *Leninist* thought. The general heading *structuralism* accounts for some of the more recent theories and concepts that incorporate a number of Marx's and Lenin's ideas.

Modern structuralists often ask questions that others tend to overlook or downplay. Indeed, there are many problems in IPE that cannot be understood or completely appreciated without considering Marx's viewpoint and the more recent structuralist perspectives he helped pioneer. The underlying notion uniting the ideas of what we will call structuralism is that structure conditions outcome. Since capitalism was primarily a national phenomenon in Marx's time, he focused

most of his analysis on national economies and how the class structure resulted in exploitation, conflict, and crisis within nation-states.

V. I. Lenin expanded Marx's study to account explicitly for imperialism, manifest in the dominant and exploitative relationship of industrial countries with their colonial possessions. This analysis continued with the work in dependency theory and modern world systems theory.

Another line of structuralist analysis presents a critique of capitalism and especially its intellectual and cultural effects. We survey briefly some of the ideas of Weber, Gramsci, and Lukács in this regard. We conclude with a discussion of the significance of structuralism and Marxism today.



*The history of all hitherto existing society is the history of class struggles.*¹

Karl Marx and Friedrich Engels

*Imperialism is capitalism in that stage of development in which the domination of monopolies and finance capital has established itself; in which the export of capital has acquired pronounced importance; in which the partition of all the territories of the globe among the great capitalist powers has been completed.*²

V. I. Lenin

*The Third World countries of today were drawn into the capitalist world market under regimes of formal and informal colonialism, as appendages of the metropolitan nations to supply raw materials and exotic commodities to the industrial center.*³

Joan Robinson

↳ Dependency Theory.

On January 1, 1994, a small army of peasant guerrillas seized six towns in the poor Mexican state of Chiapas. The "Chiapas Awakening," as it was called by some, was a protest against a political and economic system that the peasants saw as fundamentally biased against them. The date of the revolt was carefully chosen for its symbolic value. New Year's Day 1994 was the date when the North American Free Trade Agreement (NAFTA) came into force, uniting Mexico with Canada and the United States in a huge open market. NAFTA, the rebels believed, would serve to increase their exploitation by the capitalist system. In revolting against the Mexican system of political economy, they were revolting against the inherent inequality of certain kinds of economic development.

The Chiapas Awakening clearly was neither liberal nor mercantilist in nature. The rebels protested against both the force of the market and the collective power of the state. The intellectual forefather of the Chiapas rebellion was Karl Marx, not Adam Smith or Friedrich List. The Chiapas Awakening reflected the third perspective on IPE, which we term *structuralism*.

This chapter explores the intellectual family tree of structuralism from its historical roots in the industrial revolution to its several branches in the world today. The quotations that opened this chapter, by Karl Marx, V. I. Lenin, and

Joan Robinson, hint at where the discussion in this chapter will take us. We will first explore the early roots of the structuralist perspective in the writings of Karl Marx. Marx thought that power was rooted in the ownership of production capital (the means of production), which shaped the relationship among different classes within a nation. Lenin saw imperialism—the domination of industrializing nations over dependent colonial possessions—as a necessary stage of capitalism. Later in the chapter, we will explore a number of contemporary structuralist viewpoints that incorporate variations on these themes.

Some people tend to look at all of IPE from the structuralist perspective, rejecting as hopelessly biased the other viewpoints we have discussed so far. In the same way, economic liberals and mercantilists usually reject the structuralist view as fatally flawed.

In this book, we take a firm stand on middle ground. The structuralist perspective forces us to analyze problems, issues, and events that might be overlooked if we limited ourselves to the liberal and mercantilist viewpoints alone. For example, issues of class, exploitation, the distribution of wealth and power, dependency, and global aspects of capitalism take center stage.

Moreover, this perspective is, at its roots, a critical one, raising challenges to the existing state of affairs. First, many see in structuralism not only the tools to conduct a scientific analysis of existing capitalist arrangements but also the grounds for a moral critique of the inequality and exploitation that capitalism produces within and between countries. Second, this framework of analysis is the only one that allows us to view IPE “from below,” that is, from the perspective of the oppressed classes and poor, developing Third World nations. In contrast to mercantilism and liberalism, it gives a voice to the powerless. Finally, structuralism focuses on what is dynamic in IPE, seeing capitalism and other modes of production as driven by conflict and crisis and subject to change. What exists now is a system and set of structures that emerged at a particular time and will eventually be replaced by a new and different system of political economy.

We should make it clear at this point that a good many of the more recent structuralists do not subscribe to Marx’s or Lenin’s views in a prescriptive sense—that is, they do not ideologically agree with many of the political implications that flow from Marxist or Leninist ideas. However, these structuralists base a good deal of their analysis of IPE on many of Marx’s and Lenin’s more well-known perceptions and arguments.

MARX AND HISTORY

The first great scholar to pioneer a structural approach to political economy was Karl Marx (1818–1883). Born in Trier, Germany, Marx did his greatest work while living in England, spending hours in research at the British Museum in London. Many of his views reflect conditions he and his collaborator Friedrich Engels observed in English mills and factories at the height of the industrial revolution. Adults and children often labored under dreadful working conditions and lived in abject poverty and squalor. Marx’s theory of history, his notion of class conflict, and his critique of capitalism must all be understood in the context of nineteenth-century Europe’s cultural, political, and economic climate.

A word of caution is in order concerning Marx and Marxism. Marx wrote millions of words; in so vast a body of work, he necessarily treated the main themes repeatedly, and not always consistently. What Marx "said" or "thought" about any interesting issue is, therefore, subject to some dispute. In the same way, Marxist scholars have interpreted Marx's writings in many ways. There is not, therefore, a definitive reading of Marx, any more than there is a definitive interpretation of the Bible or performance of a Beethoven sonata. Marxism is at once a theory of economics, politics, sociology, and ethics. For some, it is also a call to action.

Marx understood history to be a great, dynamic, evolving creature, determined fundamentally by economic and technological forces. Marx believed that through a process called *historical materialism*⁴ these forces can be objectively explained and understood just like any other natural law.

Historical materialism takes as its starting point the notion that the *forces of production* of society (i.e., the sum total of knowledge and technology contained in society) set the parameters for the kind of system of political economy, or *mode of production*, that is possible. As Marx put it, "the hand mill gives you society with the feudal lord, the steam mill society with the industrial capitalist."⁵ The economic structure (what Marx called the *relations of production*, or class relations) that emerges from such a mode of production in turn determines the social and ethical structures of society.

It is in the contradictions or conflicts between the forces of production and the relations of production in a society that Marx sees the mechanism for evolutionary and revolutionary change. Marx sees the course of history as steadily evolving. The process of change from one system of political economy (or mode of production, in Marx's words) to another is rooted in the growing contradiction between the forces of production (technological development) and the class or property relations in which they develop.

Since class relations change more slowly than technological development, social change is impeded, fostering conflict between the classes. An example today would be the development of computers, which open up possibilities of different class relations and more free time for workers. But because capitalists control how technology is used, many of the computer's potential gains are not realized. When that conflict becomes so severe as to block the advance of human development, a social revolution sweeps away the existing legal and political arrangements and replaces them with ones more compatible with continued social progress.

In this way, history has evolved through distinct epochs or stages: primitive communism, slavery, feudalism, capitalism, socialism, and finally arrival at pure communism. In each of these modes of production, there is a dialectical process whereby inherently unstable and tortured opposing economic forces and counterforces lead to crisis, revolution, and to the next stage of history. And for Marx, the agents of that change are human beings organized in conflicting social classes.

MARX AND CLASS STRUGGLE

"For Marx," according to the economic historian John Kenneth Galbraith, "power was the inescapable fact of economic life; it proceeded from the possession of property and was thus the natural inevitable possession of the capitalist."⁶ Caught

in history's capitalist era, Marx tried to understand the nature of the political economy and the forces pushing toward crisis and for change. Marx did not approach the questions of political economy from the perspectives of either the liberals or the mercantilists. He did not frame his questions in terms of the individual (market) versus society (state). Rather, influenced by the human relationships that he saw in his factory visits, where the capital-owning *bourgeoisie* seemingly exploited the laboring *proletariat*, Marx looked at social change from an angle that revealed deep class cleavages. For Marx, a *class* was a set of persons who stood in the same objective relationship to the means of production. According to Todd Buchholz,

Each system of production creates ruling and ruled classes. Each epoch is marked by a particular way of extracting income for the rulers. In Roman times, whoever owned a slave owned a claim on output. In feudal times, lords owned a claim on the output of serfs. Under capitalism, owners of factories and land owned a claim on the output of their wage laborers.⁷

Critical for Marx is the fundamental imbalance of power between the classes. To a liberal, the bourgeoisie and proletariat should be capable of forming a peaceful and mutually advantageous relationship. To Marx, however, the bourgeoisie and the proletariat are trapped in a decidedly one-sided relationship, with an "unemployed army" of workers frustrating the ability of the labor force to organize itself, and giving the capitalists the upper hand in all negotiations.

The pressure of competition and profit-maximization drive the bourgeoisie to ruthlessly exploit the workers they employ. According to Marx and Engels,

Modern industry has converted the little workshop of patriarchal master into the great factory of the industrial capitalist. Masses of laborers, crowded into the factory, are organized like soldiers. As privates of the industrial army they are placed under the command of a perfect hierarchy of officers and sergeants. Not only are they slaves of the bourgeois class, and of the bourgeois state; they are daily and hourly enslaved by the machine, by the overlooker, and above all, by the individual bourgeois manufacturer himself. The more openly this despotism proclaims gain to be its end and aim, the more petty, the more hateful and the more embittering it is.⁸

Marx argued that the concentration of wealth in the hands of fewer and fewer capitalists leads to the impoverishment of greater numbers of laborers. At the same time, new technology gradually replaces labor, driving up the reserve army of unemployed and driving down the pay workers receive. Ultimately, this process results in a mass of proletarian misery, setting the stage for revolution. A popular saying attributed to Marx and Engels was that capitalism produces its own "gravediggers."⁹

Marx is critical of the bourgeoisie for the callous manner in which the proletariat are treated. In *The Communist Manifesto*, he and Engels assert that the bourgeoisie

has left no other bond between man and man than naked self-interest. . . . It has drowned the most heavenly ecstasies of religious fervor, of chivalrous enthusiasm, of Philistine sentimentalism, in the icy water of egotistical calculation. It has resolved

personal worth into exchange value, and in place of the numberless indefeasible chartered freedoms, has set up that single, unconscionable freedom—Free Trade. In one word, for exploitation, veiled by religious and political illusions, it has substituted naked, shameless, direct brutal exploitation.¹⁰

MARX AND THE CRISIS OF CAPITALISM

Marx's attitude toward capitalism and exploitation can be frustrating, even if you believe that his views are fundamentally correct. Although he points out the abuses of capitalism, he also finds merit in its effects. Capitalism is, for Marx, more than an unhappy stop on the road to socialism; it is also a *necessary* stage, which builds wealth and raises material living standards. For Marx, it is the dynamic nature of market capitalism that lies at the heart of political economy. Rational men, driven by fierce competition, assault the status quo where they find it, transforming the world.

According to Marxian analysis, capitalism has a historic role, which is to transform the world. In so doing, capitalism accomplishes two goals at once. First, it breaks down slavery and feudalism, which are its historical (and dialectical) antecedents. Second, it creates the social and economic foundations for the eventual transition to a "higher" level of social development.

The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country. . . . The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all nations, even the most barbarian, into civilization. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians' intensely obstinate hatred of foreigners to capitulate. 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 a word, it creates a world after its own image.¹¹

It would seem, then, that the Marxian vision foresees the triumph of capitalism over other world orders.¹² In fact, Marx believes that capitalism is fundamentally flawed. As was discussed above, capitalism contains the seeds of its own destruction. The crisis of capitalism is inevitable. He identified three objective laws of this mode of production:

- *The law of the falling rate of profit* holds that as capitalists try to gain a competitive advantage by investing in new labor-saving and productive technologies, unemployment increases and the rate of profit decreases. Surplus value (or profit) can only come from living labor and not machines, and since production is increasingly based on less labor, even with very high rates of exploitation of those still working, the rate of profit tends to fall.
- *The law of disproportionality* (also called the *problem of underconsumption*)¹³ argues that capitalism, because of its anarchic, unplanned nature, is prone to instability. For a variety of reasons, capitalism is subject to overproduction or, the obverse side of the same coin, underconsumption. That is, capitalists are not able to sell everything they produce at a profit and workers cannot afford to buy what they make. This disproportionality between supply and demand leads to wild fluctuations in the history of

capitalism, with periodic booms and busts. This increases the likelihood of social unrest and the prospects for revolution and change. In response, capitalist governments have often stepped in to smooth out the development of the economy by, for example, creating a large military-industrial complex.

- *The law of concentration (or accumulation of capital)* holds that capitalism tends to produce increasing inequality in the distribution of income and wealth. As the bourgeoisie continue to exploit the proletariat and weaker capitalists are swallowed by stronger, bigger ones, wealth and the ownership of capital become increasingly concentrated in fewer and fewer hands. This, then, makes more visible the inequality in the system and exacerbates the effects of the law of disproportionality, since the mass of impoverished consumers lack purchasing power.

The curse of capitalism, seen in this light, is its deceptive logic. Workers and business owners are indeed all rational individuals, as Adam Smith would have us believe, acting primarily in their own self-interest. In this case, however, the invisible hand does not benignly guide everyone so that all of society benefits. Rather, individual rationality adds up to collective irrationality.

THREE VIEWS OF COMPETITION: MARX, SMITH, AND THE MERCANTILISTS

The heart of Marx's critique of capitalism is a particular view of competition. Consider how Marx views competition as compared with Adam Smith and with the early mercantilists. For mercantilists, as we pointed out in chapter 2, competition is head to head, cutthroat, and zero sum. Competition is a battle in which one either wins or loses.

Adam Smith, on the other hand, saw competition as a social control on passions and interests. Individuals pursue their own interests most of the time; Smith believed, but conflicting interests do not necessarily produce the brutal conflicts that mercantilists perceive. Rather, competition among sellers prevents any individual seller from having too much power. The seller's passions may drive him or her to take advantage of customers, but the seller's interests, in an environment of fierce competition, force him or her to treat customers honestly and fairly. Employers don't abuse their workers, according to their view of competition, because workers can always seek employment elsewhere. So long as competition is a strong force among buyers and sellers and among workers and employers, the passions are controlled and self-interest is aligned with social interest.

Now let's turn to Marx. What distinguishes Marx's view of society is that he sees the market as a system that links buyers and sellers with workers and employers. Marx was perhaps the first thinker to attempt to understand the market economy as a system, rather than piece by piece. Mercantilists, for example, think of the individual buyer versus the individual seller, each with concentrated power. No wonder they see these relationships as conflictual. Smith and the liberals think of a market with thousands of buyers (or employers) and thousands of sellers (or workers), none of whom have much power because of competition. No wonder they see society as less conflictual and more reasoned than the mercantilists do.

Marx, on the other hand, sees a market system, wherein the mass of workers who produce goods are also, for the most part, the mass of consumers who purchase them. The markets for goods and for workers are therefore tightly linked.

This link—the result of thinking in terms of a market system, not just individual markets or individual buyers and sellers—changes fundamentally the nature of competition in Marxian analysis.

The bourgeois factory owners are locked in fierce competition with each other, which drives each of them to try to gain market share by cutting costs, as through labor-saving technology. As in Smith's world, their self-interest is increased efficiency, which should benefit them and their customers, too. The labor-saving machines, however, reduce the demand for workers. Workers could refuse to accept lower wages, but competition among the proletariat prevents them from doing so. Instead the proletariat are driven to cutthroat competition for jobs, driving wages and working conditions down to shocking levels, trading even their children's youthful vigor for a little more money.

This would seem to benefit the bourgeoisie, but remember that workers are also consumers. Because they have lower wages now, the proletariat cannot afford to purchase as many goods as before. The demand for factory goods falls, threatening the bourgeoisie. The bourgeoisie react by cutting costs, which forces down wages and, in turn, shrinks market demand, and so on.

In Marx's analysis, the problem is competition. Competition among the bourgeoisie and competition among the proletariat create a system that is not zero-sum, as the mercantilists believe, nor positive-sum as in liberal thought, but actually negative-sum. Competition ultimately makes both proletariat and bourgeoisie worse off. Competition among the proletariat causes them to drive down their own wages. Competition among the bourgeoisie, within the market system described here, systematically drives them out of business and into the ranks of the proletariat. No wonder Marx was so struck by the fundamental contradictions of the competitive capitalist system!

SUMMING UP MARX

So far, we have just scratched the surface of Marx and Marxism, and a deeper analysis of Marx's work and its influence lies well beyond the scope of this text.¹⁴ (See the box "Marx and Culture" on page 78) Let us pause, then, and briefly attempt to restate Marx in a way that will help us in later sections.

Marx's analysis finds a home under the general heading of *structuralism* (or perhaps *economic structuralism*) because he views the economic structure to be the strongest single influence on society.¹⁵ Marx focused on the *production* structure inherent in capitalism, seeing in it a dynamic that produces classes, leads to class struggle, and generates crises that lead to revolution and the next stage in history. For Marx, it is the structure that dominates events, more so than ideas, nature, or military generals. Marx saw people trapped in a production structure that shaped them and that they could change only by acting collectively and heroically.

Marx, then, sees IPE in terms of class exploitation driven by market forces. Where is the state, in Marx's view? Whereas the state is a powerful force to mercantilists, and a dangerous force to liberals, to Marx it is *not* an *independent* force. In Marx's view, the state and the bourgeoisie are intertwined to such an extent that the two cannot be separated. The state exists to support and defend the interests of the dominant class of bourgeois capital owners.

LENIN AND IMPERIALISM

V. I. Lenin (1870–1924) is best known for his role in the Russian Revolution of 1917 and the founding of the Soviet Union. Lenin symbolized for many people the principles and ideas of the 1917 revolution. In fact, in many ways, Lenin turned Marx on his head by placing politics over economics when he argued that Russia had gone through its capitalist stage of history and was ready for a second, socialist revolution.

Here we focus on Lenin's ideas about imperialism more than on his revolutionary strategies. Lenin developed a perspective on IPE that took Marx's class struggle, based on the mode of production, and used it to explain capitalism's international effects as transmitted through the production and finance structures of rich industrial countries to the poorer developing regions of the world. Lenin's famous summary of his views is titled *Imperialism: The Highest Stage of Capitalism* (1917).¹⁶

Marx said that capitalism, driven by its three laws, would come to revolutionary crisis and suffer internal class revolt, paving the way for the transition to socialism. Lenin observed that capitalist nations had avoided this crisis by *expanding* the pool of workers they exploited. Capitalism, he argued, "had escaped its three laws of motion through overseas imperialism. The acquisition of colonies had enabled the capitalist economies to dispose of their unconsumed goods, to acquire cheap resources, and to vent their surplus capital."¹⁷

In short, Lenin added to Marx what Robert Gilpin has called a "fourth law" of capitalism, which we might call the *law of capitalist imperialism*: "As capitalist economies mature, as capital accumulates, and as profit rates fall, the capitalist economies are compelled to seize colonies and create dependencies to serve as markets, investment outlets, and sources of food and raw materials. In competition with one another, they divide up the colonial world in accordance with their relative strengths."¹⁸

To Lenin, imperialism is another portion of the capitalist epoch of history (referred to as the highest stage of capitalism) that the world must endure on the road to communism. According to Lenin, "Monopoly is the transition from capitalism to a higher system."¹⁹

The critical element fueling imperialism, in Lenin's view, was the decline of national economic competition and the growth of monopolies. Based on Marx's law of concentration, what emerged was an aggregation of market power into the hands of a few "cartels, syndicates and trusts, and merging with them, the capital of a dozen or so banks manipulating thousands of millions." Lenin goes on to argue that

Monopoly is exactly the opposite of free competition; but we have seen the latter being transformed into monopoly before our very eyes, creating large-scale industry and eliminating small industry, replacing large-scale industry by still larger-scale industry, finally leading to such a concentration of production and capital that monopoly has been and is the result.²⁰

The key for Lenin was that because monopolies concentrated capital, they could not find sufficient investment opportunities in industrial regions of the

world. They therefore found it necessary to export capital around the globe to earn sufficient profits.

Lenin argued that imperialist expansion allowed capitalism to postpone its inevitable crisis and metamorphose into socialism. It also created new, serious problems for the world. Lenin viewed World War I as an imperialist war, caused by tensions that arose from the simultaneous expansion of several European empires. As nations at the core of capitalism competed to expand their exploitative sphere, their interests intersected and conflicted with one another, producing the Great War.

Lenin's role in the revolution of 1917 was to help defeat liberal political forces that sought to keep Russia within the European capitalist system. Under Lenin's leadership, Russia essentially withdrew from Europe and its imperialist conflicts, and resolved to move quickly and on its own toward a communist system free of class conflict and imperialist wars.

LENIN AND INTERNATIONAL CAPITALISM

Lenin's imperialist theory of capitalism has been very influential, so it is worthwhile considering briefly a few other aspects of his analysis. Lenin sought to explain how it was that capitalism shifted from internal to international exploitation, and how the inequality among classes had as its parallel the law of uneven development among nations.

For Lenin, profit-seeking capitalists could not be expected to use surplus capital to improve the living standards of the proletariat. Therefore, capitalist societies would remain unevenly developed ones, with some classes prospering as others were mired in poverty. The imperial phase of capitalism simply transferred this duality of wealth and poverty onto the world stage. Capitalists, seeking to maintain and even increase their profits, exported exploitation to what contemporaries of Lenin called "backward" regions of the world. These poor peripheral countries were now integrated into the world economy as the new "proletariat" of the world. According to Lenin,

Monopolist capitalist combines—cartels, syndicates, trusts—divide among themselves, first of all, the whole internal market of a country, and impose their control, more or less completely, upon the industry of that country. But under capitalism the home market is inevitably bound up with the foreign market. Capitalism long ago created a world market.²¹

The uneven development of society within a nation now took place on an international scale.

Lenin saw imperial capitalism spreading through two structures of the IPE: production and finance. Both of these structures were so constituted, under capitalism, as to create dependency and facilitate exploitation. Cutthroat competition among poorer nations made them easy targets for monopolies in the production structure in the capitalist core. The same forces were at work within the finance structure, where the superabundance of finance capital, controlled by monopolistic banks, was used to exploit less developed countries.

The bottom line of *imperialism*, for Lenin, was that the rich capitalist nations were able to delay their final crisis by keeping the poorer nations underdeveloped and deep in debt, and dependent on them for manufactured goods, jobs, and financial resources. It is not surprising, then, that Lenin's theory of imperialism has been very influential, especially among intellectuals in the less developed countries, where his views have shaped policy and attitudes toward international trade and finance generally.

We include Lenin's imperialism under the general heading of "structuralism," as we did with Marx's theories, because its analysis is based on the assumption that it is in capitalism's nature for the finance and production structures among nations to be biased in favor of the owners of capital. While, in theory, the relationship between capital-abundant nations and capital-scarce nations should be one of *interdependence*, since each needs the other for maximum growth, in practice the result is *dependence*, exploitation, and uneven development. The same forces that drive the bourgeoisie to exploit the proletariat ultimately drive the capitalist core nations to dominate and exploit less developed countries.

No attempt to consider the IPE of North-South relations is complete without taking imperialism's perspective into account. To some extent, Lenin's ideas are the basis of the theories of dependency and of the modern world system, to which we now shortly turn.

MODERN WORLD SYSTEM THEORY

One fascinating contemporary variant of the structuralist perspective focuses on the way in which the global system has developed since the middle of the fifteenth century. This is the *modern world system (MWS)* theory²² originated by Immanuel Wallerstein and developed by a number of scholars, including Christopher Chase-Dunn. Capitalist in nature, the world system largely determines political and social relations, both within and between nations and other international entities.

For Wallerstein, the world economy provides the sole means of organization in the international system. The modern world system exhibits the following characteristics: a single division of labor whereby nation-states are mutually dependent upon economic exchange; the sale of products and goods for the sake of profit; and, finally, the division of the world into three functional areas or socio-economic units, which correspond to the role nations within these regions play in the international economy.

From the MWS perspective the capitalist *core* states of northwest Europe in the sixteenth century moved beyond agricultural specialization to higher-skilled industries and modes of production by penetrating and absorbing other regions into the capitalist world economy. Through this process, Eastern Europe became the agricultural *periphery* and exported grains, bullion, wood, cotton, and sugar to the core. Mediterranean Europe and its labor-intensive industries became the *semiperiphery* or intermediary between the core and periphery.

It would be easy to define the core, periphery, and semiperiphery in terms of the types of nations within each group (such as the United States, China, and

Korea, respectively), but the MWS is not based primarily on the nation-state. In this theory, the core represents a geographic region made up of nation-states that play a partial role in the modern world system. The force of bourgeois interests actually exists, in varying degrees, in every country. Every nation has elements of core, periphery, and semiperiphery, although not equally so. In common with Marx, then, the MWS theory looks at IPE in terms of class relations and patterns of exploitation.

According to Wallerstein, the core states dominate the peripheral states through unequal exchange for the purpose of extracting cheap raw materials instead of, as Lenin argued, merely using the periphery as a market for dumping surplus production. The core interacts with the semiperiphery and periphery through the global structure of capitalism, exploiting these regions and also transforming them. The semiperiphery serves more of a political than an economic role; it is both exploited and exploiter, diffusing opposition of the periphery to the core region.

Interestingly, on some issues, Wallerstein attempts to bridge mercantilism (and political realism) with Marxist views about the relationship of politics to economics. For instance, as a mercantilist would, he accepts the notion that the world is politically arranged in an anarchical manner—that is, there is no *single* sovereign political authority to govern interstate relations. However, much like a Marxist-Leninist, he proposes that power politics and social differences are also conditioned by the capitalist structure of the world economy.

According to Wallerstein, capitalists within core nation-states use state authority as an instrument to maximize individual profit. Historically, the state served economic interests to the extent that "state machineries of the core states were strengthened to meet the needs of capitalist landowners and their merchant allies."²³ Also Wallerstein argues that "once created," state machineries have a certain amount of autonomy.²⁴ On the other hand, politics is constrained by economic structure. He asserts, for instance, that strong (core) states dominate weak (peripheral) ones because placement of the nation-state in the world capitalist system affects its ability to influence its global role. As Wallerstein puts it, "The functioning then of a capitalist world economy requires that groups pursue their economic interests within a single world market while seeking to distort this market for their benefit by organizing to exert influence on states, some of which are far more powerful than others but none of which controls the world-market in its entirety."²⁵

Wallerstein's conception of the modern world system has gained a good deal of notoriety in the last 20 years. He offers us a recipe composed of ideas and concepts that are relatively easy to understand and that account for a large part of the relationship of Northern (developed) to Southern (developing) nations. "Semiperiphery" also seems to fit the status of the newly industrialized countries (NICs). Furthermore, the MWS approach to structuralism sees exploitation as an inherent element of the capitalist structures both within and among core, periphery, and semiperiphery.

One thing that is problematic about Wallerstein's views is precisely what makes them so attractive: his comprehensive yet almost simple way of characterizing IPE. Many criticize his theory for being too deterministic, both economically

and in terms of the constraining effects of the *global* capitalist system. Nation-states, according to Wallerstein, are not free to choose courses of action or policies. Instead, they are relegated to playing economically determined roles. Finally, Wallerstein is faulted for viewing capitalism as the end product of current history.

DEPENDENCY THEORY

Another contemporary variant of the structuralist perspective is called *dependency theory*. A wide range of views can be grouped together under this heading. Their differences, however, are less important to us here than what they have in common, which is the view that the structure of the global political economy essentially enslaves the less developed countries of the "South" by making them dependent on the nations of the capitalist core of the "North."²⁶ Theotonio Dos Santos has written:

By dependence we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while others (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development.²⁷

Dos Santos sees three eras of dependence in modern history: colonial dependence (during the eighteenth and nineteenth centuries), financial-industrial dependence (during the nineteenth and early twentieth centuries), and a structure of dependence today based on the postwar multinational corporations.

One dependency theorist in particular has focused a good deal of attention on the effects of imperialism in Latin America. Andre Gunder Frank rejects the Marxist notion that societies go through different stages or modes of production as they develop. However, he supports the imperialism thesis that connections between developed and developing regions of the world resulted in exploitation of peripheral regions by metropolitan capitalist countries.

Frank is noted for his "development of underdevelopment" thesis. He argues that developing nations were never "underdeveloped" in the sense that one might think of them as "backward" or traditional societies. Instead, once great civilizations in their own right, the developing regions of the world *became* underdeveloped as a result of their colonization by the Western industrialized nations. Along with exploitation, imperialism produced underdevelopment: "Historical research demonstrates that contemporary underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries."²⁸

How are developing nations to develop if in fact they are exploited by the developed capitalist industrial powers? Dependency theorists have suggested a variety of responses to this trap. A number of researchers—Frank, for example—have called for peripheral nations to withdraw from the global political economy. In the 1950s and 1960s, the leadership of many socialist movements in the Third

World favored revolutionary tactics and ideological mass movements to change not only the fundamental dynamic of both the political and economic order of their society, but also the world capitalist system.

More recently, dependency theorists have recommended a variety of other strategies and policies by which developing nations could industrialize and develop. Raul Prebisch, an Argentinean economist, was instrumental in founding, under the auspices of the United Nations, the United Nations Committee on Trade and Development (UNCTAD). The developing nations that have joined this body within the UN have made it their goal to monitor and recommend policies that would, in effect, help redistribute power and income between Northern developed and Southern developing countries. These and other dependency theorists, however, have been more aggressive about reforming the international economy and have supported the calls for a New International Economic Order (NIEO) which gained momentum shortly after the OPEC oil price hike in 1973.

The important point to make here is that dependency theories have served as part of a critique of the relationship of metropolitan to satellite, or core to peripheral, nations. Whether or not that relationship can—or even should—be equalized is a matter developed elsewhere. These theories will be important to our discussion of “the two faces of development” in chapter 15.

ANTONIO GRAMSCI AND INTELLECTUAL HEGEMONY

One of the most influential structuralists of the twentieth century—and one whose ideas are particularly relevant to the global political economy of the twenty-first—is the Italian Marxist Antonio Gramsci (1891–1937). Gramsci’s work deepens our understanding of structuralism and provides a broader account of the nature of class relations both between core and periphery and within the core itself.

Gramsci lived in a time of tremendous economic and political tension, when the globalized world of the early twentieth century was torn apart by conflicts among nations and between classes. He proposed a philosophy of *praxis*—that we should demonstrate our beliefs through our actions—and both edited an intellectual journal, *Ordine Nuovo* (the New Order) and led worker protests in the Italian industrial center of Turin, especially against the manufacturing giant FIAT. His political and intellectual activities drew the attention of Italy’s pro-industry Fascist government, which imprisoned him. In his *Prison Notebooks*, Gramsci attempted to revise Marxist theory to account for changing conditions in the advanced industrial world. He died in prison at the age of 46.

The dominant class in society maintains its position, according to Gramsci, in two fundamentally different ways: through coercion and through consent. Coercion is an obvious mechanism, applying economic and political power directly to keep the subordinate class in line. In Gramsci’s time, for example, government police and manufacturer-backed thugs employed violence against protesting workers. In contemporary times, one might substitute the images of police at antiglobalization protests such as the 1999 World Trade Organization meetings in Seattle.

Coercion is a powerful tool, Gramsci said, but ideas are even more powerful because they allow rule of the masses by their own consent. Here’s how

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intellectual hegemony creates consent. The dominant class produces and promulgates an ideology or worldview that supports and legitimizes its interests. These ideas permeate society through education and the communications media. Once the subordinate class accepts this worldview, whether intentionally or by osmosis, its thoughts and actions are brought into line with the interests of the dominant class. Police are not necessary because the idea of taking actions that oppose the dominant class is not part of society's accepted values and norms. Anyone who opposes the dominant class opposes society and so is by definition a criminal and lacks legitimacy. Thought organizes society more effectively than riot police because thought produces consent.

Some of the writings of George Orwell, such as *1984* and *Animal Farm*, suggest to us the power of ideas that Gramsci proposed. Both of these books stress the importance of official propaganda. The ruling class does not need police to organize society in its interests if it can do so through ideas—through its control of education and the communications media. Many contemporary writings, such as Benjamin R. Barber's *Jihad vs. McWorld* (see Suggested Readings), that oppose the increasing control of global media by an elite group of private owners, express a Gramscian-type concern about intellectual hegemony.

In Gramsci's vision of intellectual hegemony, the key players are traditional intellectuals and *organic intellectuals*. The organic intellectuals are brought up within the system; their work and ideas are thoroughly infused with the ideology of the dominant class and thus unintentionally reinforce it. Their ideas, expressed in songs, newspaper cartoons and editorials, political slogans, and coffee shop debates, are a strong medium of social organization because they legitimize the dominant class and its beliefs.

Opposing the organic intellectuals are the traditional intellectuals—people who think for themselves, who question the conventional wisdom, and who therefore are capable of formulating a counter-hegemonic ideology. By opposing the ideas of the dominant class, the traditional intellectuals weaken its ability to control through consent and force it, at some point, to resort to violent coercion.

Gramsci's theory of intellectual hegemony suggests that structural tensions are not limited to the areas of international trade and finance. Rather they are built into our daily lives through the forces that condition what we think and don't think about the societies in which we live.

THE STRUCTURALIST ANALYSIS OF MODERN SOCIETY

The notion that economic structures have a strong (some would say a determining) influence on social structures is a theme that runs from Marx to McDonald's. It is an important contribution to the structuralist critique of capitalist society. Marx observed that the structure of human relations determined by the factory (the creator of the proletariat and bourgeoisie classes) was reflected throughout society. If you had walked with Marx through the streets of London in 1848, you would have found it easy to tell the houses of the proletariat from those of the bourgeoisie, for example. Their clothes, their clubs, even the way their children talked and the games they played—were all different because of the unequal relation established on the factory floor. Economic structures are very powerful indeed.

The German sociologist and political economist Max Weber (1864–1920) was influenced by Marx, but believed that Marx was wrong to believe that economic structures determined society's path. He believed that religion and ethics were also important. Nonetheless, Weber's analysis of capitalism and its effects on society has been powerfully influential. Weber observed that it is the nature of capitalist production to rationalize and bureaucratize the factory, making it more and more efficient if less and less human. It follows, according to Weber, that it is the nature of capitalist society to also attempt to rationalize and bureaucratize. Thus, in structuralist analysis, did Henry Ford's production line technology of the 1920s become "Fordism"—the idea of a production line society. The same is true of "Taylorism," named for Frederick Taylor, the author of *The Principles of Scientific Management* (1911), and the father of time-motion studies of worker efficiency. Ford and Taylor created a highly hierarchical production system with a rational, efficient division of labor. It is no accident, a structuralist would say, that soon other elements of society—schools, hospitals, and perhaps even churches—reflected these same rational organization principles. As production became more efficient and less personal, the structure of society followed suit, with consequences that are perhaps as pervasive as they are important.

The Hungarian Marxist Georg Lukács (1885–1971), for example, concluded that the unrelenting drive to rationalize and simplify production gradually dulled the minds of workers (a possibility that Adam Smith noted even before Karl Marx did). Lukács went further, however, concluding that it actually made the people stupid, unable to think clearly because their minds were as fragmented and bureaucratized as the offices and factories where they worked.

In a world defined by the division of labor, no one needed to understand the whole, only his or her rationally simplified particular job. In the same way, no one needed to (or, in the end, could) understand society or culture, either. People could not understand the system that ensnared them and could not, therefore, recognize their own (class) interests, as Lukács wrote in his famous essay on "Class Consciousness" (see Suggested Readings). Like Gramsci, Lukács looked to intellectuals to reveal the truth to the rest of society, especially through drama, art, and literature.

The Austrian-American economist Joseph Schumpeter (1883–1950) was not a Marxist or a structuralist, but he also noted the rationalizing effect of capitalism. In his classic work *Capitalism, Socialism, and Democracy* (see Suggested Readings), Schumpeter explained that capitalism would eventually crumble and make way for socialism, just as Marx had predicted, but for a very different reason. The workers of the world would not unite to revolt. Rather capitalism would collapse inward upon itself as a result of its own rationalizing tendency. Schumpeter, you see, viewed capitalism as a process of "creative destruction" that was driven by the leadership of heroic entrepreneurs. Entrepreneurs took great personal risks, as great leaders often must do, and created new products, technologies, and industries (destroying the older products, processes, and industries they made obsolete). But rational calculation is the enemy of heroic risk-taking. Eventually, Schumpeter wrote, the rationalizing tendencies of capitalism would eliminate the dynamic, risk-taking gene from capitalism's genetic makeup, leaving it a placid, stagnant creature that would easily make the transition to socialism.

Interestingly, Schumpeter believed that the same fate awaited democracy. He saw democracy as a dynamic market for leadership that helped society to progress because it rewarded heroic political entrepreneurs. But as reason transformed society, he believed, real political leadership would be replaced by rational calculation, and democracy would also stagnate. Visionary leaders would be replaced by calculating elected bureaucrats who would make policy with a constant eye on voter poll results.

Recently, the American sociologist George Ritzer and others have begun to study how the logic of production has begun to change the logic of consumption. Ritzer's best-selling book *The McDonaldization of Society* (see Suggested Readings) extends Weber's theory to explain changing consumer behavior. Ritzer picked McDonald's as his key example because of how easy it is to see Ford and Taylor production line influences on both sides of the counter. The efficient division of labor that produces the food is matched by the degree to which consumers behave like industrial robots, lining up to order, filling their own drinks, clearing their own tables, efficiently moving in and out the doors. (The production line metaphor is even stronger if we look at the "drive thru" line!)

More and more of society is coming to look like a McDonald's, Ritzer argues. And, of course, McDonald's looks like a factory custom-built for the efficient production and consumption of standardized food commodities. That the world looks this way derives fundamentally, in the view of structuralists, from the power of economic structures in society, which is why we present the McDonaldization Hypothesis here in the chapter on structuralism. Through the work of Ritzer and others, the structuralist critique of capitalism and of capitalist society continues to evolve and remain relevant.

STRUCTURALISM IN PERSPECTIVE

Some people ask whether studying Marxism or structuralism in the postcommunist era is worthwhile. The answer is yes. The structuralist perspective encompasses far more than the Soviet model of communism. This perspective on IPE is revealing and represents a powerful intellectual and political influence.

Indeed, the noted historian Eric Hobsbawm observed, in his introduction to the one-hundred-fiftieth anniversary edition of Marx and Engel's *Communist Manifesto*, that it makes more sense to consider Marx's ideas now than at any previous time in history.²⁹ Marx looked ahead and saw what capitalism would do to the world, including the class conflicts that would unavoidably arise. The world of 1848, when the *Manifesto* was written, was not yet the world of the crisis of capitalism. But, Hobsbawm says,

We now live in a world in which this transformation has largely taken place. . . . In some ways we can even see the force of the *Manifesto's* predictions more clearly than the generations between us and its publication. . . . In short, what might in 1848 have struck an uncommitted reader as revolutionary rhetoric—or, at best, plausible prediction, can now be read as a concise characterization of capitalism at the end of the twentieth century. Of what other document of the 1840s can this be said?³⁰

STRUCTURALISM TODAY: THE MANIC LOGIC OF GLOBAL CAPITALISM

It is commonplace today to say that Marx died with the fall of the Berlin Wall. The collapse of communism has put to an end the grand social experiment that began more than 150 years ago with *The Communist Manifesto* (1848). Although it is not the aim of this book to predict the future, it is almost certainly true that it is too soon to bury Marx. There are at least three good reasons to study Marx and the structuralist perspective built upon his analysis of class struggle.

First, Marx presents us with powerful ideas that are worth studying as theory or philosophy or, as we saw earlier, cultural critique. Marx was the first political economist to present a theory of the dynamic development of society, which sought to explain not only politics and economics, but also the social relationships on which they are based. Serious students of political economy must study Marx to understand and appreciate the power of theory to shape our understanding of everyday events.^a

Second, it is important to understand that communism is not the same as Marxism. Communism, as practiced in the former Soviet Union and elsewhere, was an economic, political, and social organization that, although rooted in the theoretical writings of Marx and Lenin, had relatively little to do with these ideas in practice. (See chapter 14 for a more thorough analysis of the communist system of political economy.)

The practical problems of constructing a modern socialist state from the available feudal raw materials forced Lenin and then Stalin to institute many pragmatic policies that would surely have drawn scorn from Karl Marx. Marxian methods were sacrificed in an attempt to deal with critical short-term problems. The harsh international environment of World War II and the Cold War forced further deviations from Marx's goal of the withering away of the state. The bottom line is that communism at the end had little to do in practical terms with Marxian philosophy. The collapse of communism should be seen as the rejection of a particular system of political economy and social relations, not necessarily a refutation of Marx's ideas.

The third reason to study Marx today is that some people believe that the process of globalization that we can see everywhere around us today is constructing a world that looks more and more like the world that Marx and Lenin wrote about. This is the thesis of William Greider's book *One World, Ready or Not: The Manic Logic of Global Capitalism* (see Suggested Readings). Greider writes that "Marxism is dead, the Communist system utterly discredited by human experience, but the ghost of Marx hovers over the global landscape, perhaps with a knowing smile. The gross conditions that inspired Karl Marx's original critique of capitalism in the nineteenth century are present and flourishing again. The world has reached not only the end of ideology, but also the beginnings of the next great conflict over the nature of capitalism."^b Greider's analysis makes fascinating political economy. Keynesian economic policies (see chapter 3) postponed the crisis of capitalism during the Great Depression of the 1930s. But the renaissance of classical liberalism in the 1980s and the 1990s removed many of the state policies that had for 50 years tempered the "manic logic" of Marx's three laws of capitalism.

Now, unfettered capitalism is engulfing the world in the form of "globalization." The essence of globalization, Greider proposes, is the desire to produce more and more for less and less in search of profit. It is competition that is ultimately destructive to all parties, as Marx predicted.

What is the likely result of this vicious cycle of greater output, surplus, lower prices, lower wages, and falling profits? In the long run the crisis of capitalism looms as one possibility, Greider thinks. Faced with global recession, he believes that people will seek political solutions that could lead to the sort of radical nationalism that drove the fascist parties in Europe in the 1930s. Indeed, one doesn't have to look too hard to see early indicators of this trend in some nationalist and racist political movements around the world today.

But in the short term the exploitation of labor is the real problem. Thus he calls for a twenty-first-century version of "workers of the world unite" in the form of global unions. Only global unions would have the power to deal with global firms in global markets. Even so, there would still be the need for some sort of "global Keynesianism" to try to balance global demand with global supply and control capitalism's propensity to rational irrationality.

In the end, Greider cannot help but be a pessimist. Like Marx, he sees the forces driving the global economy to its own destruction as inevitable. But Marx accepted this as part of the great plan of history. Having seen the misery that nationalism, racism, and religious fundamentalism can produce, Greider cannot be as sanguine as Marx.

Maybe the right state policies will be enacted and the right global institutions created to prevent the collapse of civilization into the pit of humankind's darkest fears and motives. "In fact, there is not much evidence from economic history of societies that have acted in an alert, timely manner to avert similar catastrophes. Usually, it is the opposite story. Contractions and instabilities accumulate, but no one in power has the presence to act. Warnings are sounded, but pass by unheeded. . . . neither technological invention nor economic revolution has managed to eliminate folly and error from the human condition."^c

^a See Joseph Schumpeter, *Capitalism, Socialism and Democracy* (see Suggested Readings). Special attention should be given to part I: The Marxian Doctrine.

^b William Greider, *One World, Ready or Not: The Manic Logic of Global Capitalism* (New York: Simon & Schuster, 1997), p. 39.

^c *Ibid.*, p. 53.

DISCUSSION QUESTIONS

1. After reading the chapter, compare and contrast structuralism with mercantilism and liberalism in the following areas:
 - a. the dominant actors
 - b. political versus economic motivation behind actor behavior
 - c. the role of the state in the economy
2. Compare and contrast Marx's and Lenin's views of capitalism. How and why did their views differ? Be specific and give examples from the chapter.
3. What are the distinguishing features of imperialism in Lenin's analysis? Why did he call it "the highest form of capitalism"?
4. Outline the essential characteristics/features of Marxism, dependency theory, and the modern world system approach.
5. Explain Antonio Gramsci's theory of intellectual hegemony as means of achieving social order and compare it with the liberal theory of hegemonic stability discussed in chapter 3.
6. How does George Ritzer's analysis of the "McDonaldization" of society reflect the structuralist viewpoint?

INTERNET LINKS

One Hundred Fifty Years of the Communist Manifesto:

<http://www.marxist.com/150years/index.html>

Marxists.org internet archive and encyclopedia of Marxism:

<http://www.marxists.org>