

Global Diffusion of Production and the Concept of Imperialism*

Prabhat Patnaik

There has been a significant diffusion of production occurring in the world economy. Many call this phenomenon a shift from a US-led world economy to a “multipolar world economy”, but no matter what one thinks of this description, the fact of diffusion is indubitable. In 1994 for instance the G-7 countries (US, UK, Germany, France, Japan, Italy and Canada) produced 45.3 per cent of world output while the BRICS countries (Brazil, Russia, India, China and South Africa, together with new members Iran, the UAE, Egypt and Ethiopia) produced 18.9 per cent; by 2022 however the ratios had become 29.3 and 35.2 respectively. (These are World Bank figures quoted by economist Jeffrey Sachs).

Even if we take a somewhat larger grouping, namely, the US, UK, Canada, EU, Japan, South Korea, Australia and New Zealand, its share in world output has fallen from 56 per cent in 1994 to 39.5 per cent in 2022. The refusal on the part of the US to recognise the ramifications of this diffusion, and its attempt to retain the power it enjoyed over the world in the old days, makes it extremely aggressive vis-à-vis Russia, China, Iran and others; indeed its aggressiveness is pushing the world into dangerous military confrontations.

This diffusion of production has no doubt been vastly aided by the emergence of socialism. Not only was the fact of decolonisation itself aided by the existence of socialism, but the building up of domestic skills, technological ability, infrastructure and productive capacity in post-colonial societies occurred initially under the aegis of dirigiste regimes that sustained themselves against western hostility only through significant Soviet assistance; later of course, after the collapse of socialism in the Soviet Union and Eastern Europe, and the end of third world dirigisme, this process of diffusion was carried forward by international flows of capital-in-production that were facilitated by the neoliberal global order, but the prerequisites for such flows had in many major instances been created by the dirigiste regimes. The diffusion of production that is occurring at present to countries outside of the US-led bloc is occurring under the aegis of capitalism (China of course is a separate case).

The question that this arises is: in what sense can we talk of imperialism in the present context? The term imperialism has been associated with a dichotomy in the world economy, between a developed metropolis and an underdeveloped periphery; if this dichotomy is getting obliterated, if countries that belonged to the periphery are now witnessing rates of output growth even faster than the metropolitan countries themselves, then how can we still talk of imperialism? The reality seems on the contrary to point towards a “convergence” among countries, where countries that belonged to the global south are now catching up with those of the global north, and, what is more, doing so (again excepting China) under the capitalist mode of production itself. Capitalism is no longer the culprit that is perpetuating a division of the world into a developed and an underdeveloped segment; it can no longer therefore be accused of imperialism. The question arises: is this correct?

First of all, while diffusion is unmistakable, any talk of “convergence” is far-fetched. This is so partly because the phenomenon of diffusion itself should not be

exaggerated: the countries that have witnessed such diffusion are still few in number, and many of them may well experience reversals of fortune in the days to come; this would happen because the crisis of neoliberalism is catching them in debt-traps that would entail “fiscal austerity”, domestic deflation, and hence economic stagnation and recession. History bears ample testimony to such reversals, which have been particularly pervasive for mineral-rich countries. Myanmar is a classic example of a country that was once considered to be on the threshold of prosperity but is now listed among the “least developed countries”. In our own neighbourhood we see countries retreating because of the burden of external debt.

The second reason why “convergence” is out of the question lies precisely in imperialism. To see this we have to note a second phenomenon that characterizes the world economy but which, instead of getting the attention it so obviously deserves, is sought to be camouflaged by organisations like the World Bank that emphasize only the fact of diffusion. This consists of the fact that during the neoliberal era when there has been a diffusion of activities from the global north to the global south under the aegis of capitalism, and the latter has on average shown a higher growth-rate of GDP compared to the former, there has simultaneously been an increase in the extent of nutritional deprivation in the latter; and if nutritional deprivation is taken to be reflective of overall deprivation, for which at the levels of income of the global south there is plenty of evidence, then there has been an increase in the extent of absolute poverty. No doubt the people of the south have benefited from the better roads, electricity and other infrastructure that has been built up; but their private consumption has suffered precisely during the period when socialism and socialism-supported relatively autonomous dirigiste regimes have collapsed and the hegemony of neoliberal capitalism established over the world economy.

Postulating “convergence” therefore is a misreading of the situation; all that one can say is that the dividing line that existed in the capitalist world between the metropolis and the periphery has now shifted geographically to within the periphery itself; the big bourgeoisie and the elite in the global south now finds itself on the same side of the dividing line as metropolitan capital. It is no longer on the same side as the people of the global south, as was generally the case during the anti-colonial struggle.

The term imperialism however was never meant to refer to a geographical divide; it referred to the coercion exercised by the capitalist mode of production on its surroundings. Its point of departure in other words was always political economy not geographical boundaries. It is worth recapitulating some points of this political economy.

The capitalist mode of production came of age with the industrial revolution which occurred in the cotton textile industry in Britain. But Britain can grow no raw cotton at all. The very coming of age of the capitalist mode therefore was predicated upon its having access to a whole range of primary commodities which cannot be grown within its home base, either at all, or in sufficient quantities, or all the year around; they are typically grown instead by millions of peasants and petty producers in tropical and semi-tropical regions of the world that are, and have historically been, densely populated. These regions are broadly co-terminus with the periphery; and even when capitalism spreads to these regions, both this local capitalism and the capitalism of the metropolis are still dependent on obtaining a growing supply of a range of primary commodities from these millions of non-capitalist producers at

prices which are not merely non-increasing, but which have actually shown absolute decline in unit dollar terms for decades.

Even though the exchange value of these commodities is relatively low, which is a legacy of the drastic squeeze that has been imposed on the petty producers of these commodities over the years and which creates the totally false impression that these commodities are quite unimportant for the system, capitalism simply cannot do without them as use-values. Now, obtaining the requisite supplies of such commodities, especially of tropical and semi-tropical agricultural goods from a land-mass that is more or less fully utilised already, would require little coercion if the petty producers located there undertook “land-augmenting” (that is, land-yield-raising) practices and innovations. But such innovations and practices, whether irrigation, or research into and popularisation of high-yielding seed varieties, typically require substantial State effort, which capitalism, especially neoliberal capitalism, frowns upon. It does not want the State to be engaged in any activity that promotes the interests of anyone other than international capital and its local allies, the corporate-financial oligarchy of the global south itself. It certainly does not wish the State to promote the interests of the peasants and petty producers, which is why “land-augmenting” measures are eschewed and the requisite supplies of primary commodities are obtained through compressing local incomes, and hence local demand of such commodities, within the global south. Such compression is impossible without, at the very least, implicit coercion.

The decline in per capita foodgrain production in the global south, and the even sharper decline in per capita foodgrain availability (owing to the diversion in recent years of foodgrains towards bio-fuels) are a consequence of this coercion, of which the observed nutritional deprivation is a manifestation. The diffusion of production to the global south therefore in no way obviates the phenomenon of imperialism.

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