

Paul Sweezy

..... Analysing the question of the future of Capitalism. I don't think it's any mystery or secret with anybody who is at all familiar with what I have written that I don't think Capitalism has a very promising future. But that in itself is not anything new, it's what not only Marxists but Radicals have been saying for well over 100 years. But Capitalism has outlasted many expectations, and probably will still outlast many expectations. Analytical problem .... diagnosing its future remains, I believe, as important as ever. What I'd like to do is to sketch for you the major approaches to the problem, and indicate to you why I think the more traditional and common approaches wrong, and lead to no useful results, and why the approach which I number three here is the pertinent one for approaching and dealing with this problem. The first approach which is characteristic of bourgeois economics, and unfortunately also of a certain kind of Marxism that which is focussed on the so-called *breakdown* problem, puts almost all its attention on the dynamics of Capitalism in the advanced Capitalist countries of Western Europe and North America - it tends to ask such questions as, Has the business cycle of economic fluctuation - have they been brought under reasonable control? Or about the problems of technology, automation, the acceptability of technical change.....? .....this Capitalist structure - what about the problems of international trade and international monetary flexibility - what about the problem of corporate business structure, and so on - are all these problems manageable within the framework of the basic private enterprise market-orientated, profit-motivated economic growth. And I think if you spend some time in an academic community in this country or the United States you'll find that *these are the central issues which are discussed whenever the subject of the future of Capitalism comes up.* Now I don't suppose I need to waste too much time <sup>trying</sup> to convince an audience of this kind that this is a completely ? framework within which to analyse the future of Capitalism. The trouble is, very simply put, that Capitalism in the advanced countries, in its

do not exist in isolation, it does not exist in a passive, uncreative environment, on the contrary, it exists as a, in many respects, minority part of the total world society economy, and its functioning is decisively influenced by, shall we put it in a neutral way, by the interaction between what happens in the advanced Capitalist countries and in the environment - environment (I don't like the term particularly, but it will perhaps become clarified as we go along) in certain dimensions is <sup>fix cut</sup> considerably wider than the advanced Capitalist world itself.

CUT

....I use the term the Third World not only because it has become accepted terminology, but also because it is brief and convenient, but I want to stress and demonstrate

CUT

qualitatively active environment

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.... the developing countries

?

recognize as the

terminology of

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..... uses the adjective, and then the rest, the Third World. But

now in these circumstances the THIRD WORLD is presented with two

models of development; either <sup>that of</sup> the advanced Capitalist, or the <sup>that of</sup> centrally planned economics

choice? <sup>And this presented as it was a choice. Not seen the</sup>

~~false~~ Having seen the possibilities of development, technological

change, stimulation of Capital and Technology

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..... advanced Capitalist and Communist, <sup>fix it</sup> see their own futures as determined by whether they <sup>can attract</sup> plan attachment to their ~~own~~ orbit <sup>into their path?</sup>

this vast remaining area of the world / comprising upwards of half its population. And that system that succeeds in attaching to its orbit

the Third World will then be the victor in what has been called the

Great Contest. I think that you can see here that this is the

fundamental ideology of the whole liberal <sup>pen a to back sheet (?)</sup> / <sup>fix out</sup> establishment of the United

States / &

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..... got into the act, and by the end of the 19th century,

the whole world had been <sup>thoroughly</sup> polarised between a relatively small advanced

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North America and the vast underdeveloped CUT

to be wiped out within two or three generations. And in much of Central and South America the Indians could only survive at all by retreating into the forests and the mountains. To provide needed labour for the mines and plantations the exploiters developed the slave trade CUT

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.....developed a wealthy centre and an impoverished exploited periphery by no means applies only to the relations between the advanced Capitalist countries / <sup>on face</sup> and the colonial and semi-colonial countries, that's its largest and most spectacular application, but within both parts of, it also applies. So for example you have, in a country like CUT

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..... in Rio CUT

.... time and time again by the propaganda which comes at you all the time CUT

.... Capitalist development - I repeat myself, because I want you to get something out of my talk, this is what I want you to get and take it with you - Capitalist development inevitably produces development at one pole CUT

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.... so the whole notion of the Third World / is really misleading and should be abandoned - not that I think it's likely to be, because it's too deeply ingrained in the terminology now - we have to continuously keep in mind that it is a convenient facile term and not a total description of ? If this basic pattern of development and underdevelopment has been clearly grasped ? of the basic tendencies and trends of the modern history fall into place in a coherent and intelligible pattern. In the first place the absurdity of expecting and hoping that the relations between the developing and advanced countries will result in the development of the latter becomes quite obvious. Trade, investment, government aid,

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are precisely the means by which the advanced countries exploit the underdeveloped, and maintain them in their underdeveloped condition. In the case of trade, this is fairly widely recognized. The exchange of raw materials and manufactured goods tends to reproduce and perpetuate itself, not to change into something else. And the tendency of export-import class (?) relationships to move against the primary exporting countries in peacetime is notorious. There is actually nothing in the trading relationship as such tending to make for the development of the underdeveloped countries, quite the contrary.

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..... net flow of capital from the U.S., 17.4 billion dollars, for an income (that's what we call the right-hand flow) - <sup>flow of</sup> income to the U.S. (the left-hand) 29.4 billion dollars - once again it turns out that the inflow exceeds the outflow by almost exactly 70%. I'm tempted to erect this into Sweezy's first law of foreign investment, that over a significant period of time, the inflow of foreign investment will exceed the outflow of foreign investment by 70%. And I base that on very scientific procedure, I have at least two cases <sup>(laughter) + now 410</sup> who will pretend to invalidate this law by every case that becomes available. Well, once again, I'd like to ask, who has been using whose wealth? and the answer clearly is obvious. <sup>Now if we want to call out from the advanced</sup> When it comes to aid to the underdeveloped countries (somewhat comically called "aid"), which is often pictured as the open sesame to economic development and all the rest, the record is all too clear. And here again we can formulate a law: the more aid, the less development. The reasons are numerous: a large part of the aid is of a military nature, <sup>supposedly</sup> intended as a defence against the bogey of Communist aggression, though everyone over the age of 10 knows that the subsidised military machines in the underdeveloped countries count for nothing in the international power balance, and ~~the~~ <sup>in reality</sup> only serve to maintain repressive power <sup>repressive agreements</sup> in the underdeveloped countries. But even more, economic aid has nothing to do with development. Much of it <sup>is it</sup> GOES DIRECTLY into corrupt pockets of the local <sup>bureaucratic</sup> bureaucrats and officials; such of it is for the purpose of paying back debts and interest to the bankers of the countries supposedly providing the aid;

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quote the statement of a high official in the US foreign aid administration under their various titles over the years - his name is <sup>he was known as</sup> D.A. Fitzgerald - <sup>when he retired</sup> and when he retired he was interviewed by 'US News and World Report', <sup>in a</sup> among other things he said - I quote him - 'A lot of the criticism of foreign aid <sup>is</sup> was because the critics thought the objective was to get economic growth. But this wasn't the objective at all. The objective may have been to buy a base, or to get a favourable vote in the UN, or to keep a nation from falling apart, or to keep some country from giving the Russians airbase rights. Any one of many other reasons.' <sup>the quote</sup> The only one he doesn't mention is economic growth. The purpose in other words / <sup>end Pix @ 2.28.59 or</sup> of aid <sup>CUT</sup>

????????? (question) <sup>inadmissible question from audience</sup>  
Well, I don't think I said, and certainly didn't mean to imply, that there's anything that exempts it. I mean, I don't quite know how to interpret that, it wasn't my intention to state that. I think that one has, to get very far in an analysis of that problem, one has to go a good deal further into the class-structure, and specific forms which imperialist exploitation has taken. As far as its dominant form today, which I think is the expansion of the giant / American corporation on a worldwide scale - and by the way, <sup>beef, pix cut</sup> I would like to <sup>beef, pix back</sup> insert there my own belief that unless that is checked, it will result in the colonisation of the subordinate imperial units in not too long a time. I believe that Europe and Britain and Japan are now in the process of coming within dominated units within the American empire, and that a process will set in in which underdevelopment will be far more marked and a lopsided type of development will be far more obvious in the next decade or so than is yet the case. I don't think that as yet the kind of incipient class-structure which exists in the Soviet Union and the forms of industrial economic organization has led to the kind of dominating concern with foreign controls that exists and has existed in the Capitalist world for centuries, and which <sup>becomes,</sup> takes on its most acute form in the relation of the US to its satellites today.

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???????????? (question)

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..... rather than trying to explore. Now, what I would like to know  
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??????? (question)

..... Now I think the Third World War has already begun. I think it began in the Bay of Pigs in the beginning of '61, it's now being fought in Asia, it's spreading to Africa, it's going to arrive shortly in Latin America, and the last place it will get to will be Europe. Now, war has become impossible between the great powers, because their weapons have been so structured that they cannot use them. America could wipe the whole of Vietnam out tomorrow, and the Russians could wipe out the whole of the 7th Fleet tomorrow, but they won't do it. War has become impossible because of its own weapon technology, and yet we have a society which is based upon preparations for war. We are governed by the requirements of the military. General Westmoreland is the most powerful man in the world. The army and the Pentagon rules America. Military defence rules Britain. If you look at the priorities in our budget, ..... military decision. All I have to say is that the situation becomes increasingly irrational..... the military explode from within, and we are going to explode from within as people refuse to fight, and refuse to pay for fighting. We have to challenge the internal institutions of militarism in this country.

General noise

(after meeting, Sweezy with a few others)

(To Sweezy).....you've been talking to a number of true believers who want to hear what you have to say. Do you engage in some sort of a ~~dialectical~~ dialectical argument with men like Galbraith and the so-called Establishment economists and apologists?

Sweezy: Well, they don't choose to indulge in any argument with us, and my book has been completely ignored by the professional..... I'm prepared to have a discussion, but they don't want to discuss.

Paul Sweezy - 21st July 1967.

The Future of Capitalism

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In population and production terms put very roughly we can say that the advanced capitalist countries comprise around 20 per cent of the world's population and produce about 60 per cent of the world's output; whereas the centrally planned, non-capitalist, communist if you like, countries account for around 30 per cent of the population and also about 30 per cent of the world's output. And that leaves what is commonly referred to now as the Third World with something like 50 per cent of the world's population and only 10 per cent of the world's output.

I use the term "the Third World" not only because it's become accepted terminology but also because it is brief and convenient. But I want to stress and demonstrate - in fact one of the major points I want to make in my talk this morning is - that it isn't really an appropriate term. The Third World is not really third at all - it's a part of one of these other two worlds, and that I think is crucial to an understanding of the whole problem of the future of capitalism.

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The only reason he doesn't mention is economic growth. The purpose, in other words, is obviously to preserve the status quo in which the underdeveloped countries go on underdeveloping and the developed countries go on developing.

Against this background I think the real meaning of the communist revolutions of the 20th century becomes clear. They're not, as bourgeois ideology would have us believe, some kind of historical accident which happened as a result of the chaos of wars or as a reaction to the ideological rantings of some prophets by the name of Karl Marx and Lenin. Looked at in the historical perspective, they are the result of a struggle, inevitable, of the underdeveloped countries to escape from the straight-jacket in which they've been entrapped for the last few centuries. Once caught in that system, the underdeveloped countries could only go on underdeveloping. Only outside of it could they start using their resources for their own purposes, could they start, in other words, a genuine process of economic development.

We now have plenty of examples of the contrast between what happens to countries inside and outside the straight-jacket or, as it's called, the international capitalist system. Countries which were, at the time of the escape of one and the continued imprisonment of the other, at roughly the same stage of development - China and India provide the most spectacular, and in the long run no doubt the most important - pair of countries, one of which is still imprisoned and the other has escaped. China is developing very rapidly by any standards, and in a rounded way - not in the kind of lopsided development/underdevelopment reproducing pattern which, of course, is so characteristic of India. India, on the other hand, not only is developing internally in that way but is hardly, on the average, advancing at all - statistics are not too reliable but even the most optimistic show only a very small rate of increase of average per capita income; and of course averages don't mean very much, the majority can easily and in the case of India probably is actually losing ground. And now we see that starvation

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is beginning to become more or less endemic in various parts and will undoubtedly spread in the years ahead.]

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Is there any prospect that the advanced capitalist countries will be able to somehow pull themselves together and work out a programme which they can apply to the underdeveloped countries? I think all these are pipe-dreams, whatever ideological dressing they come in, whether it's the liberalism of Washington or the peaceful co-existence of Moscow. The reality is that the underdeveloped countries are sentenced to death if they remain entrapped in the world capitalist system.

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Orville Freeman who is the Secretary for Agriculture of the U.S. has warned that the (18) 70s will be in his words "a decade of starvation". To that Fidel Castro replied in a speech last year: Freeman is crazy, he says, the 1870s will be the decade of revolutions. Because in the world today people, whatever they may have done historically would rather die from a bullet, says Fidel, than they would from the slow agony of starvation.

I believe that that's the simple truth, and I don't see there's the slightest prospect that anything, given the present power structures, interest structures, institutional arrangements in the advanced capitalist countries, there's anything that they can or will do about it.] I'm not one to predict exactly what forms these revolutions will take or how long they will be in developing. It may be, and I think myself very likely it will be, a whole historical epoch. It's even conceivable that because of the development of modern technology of destruction, that somewhere along the line the advanced capitalist countries playing the role of Samson will blow the whole world up and bring the process to

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an abrupt end. I would only add to that that if that should be the outcome, capitalism too would blow up and that adds nothing whatever to the cheerful prospect for its future.