Imperialism in the Era of Globalization

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Capitalism is preeminently a money-using system where a large part of wealth is held either in the form of money or as money-denominated assets, namely financial assets. For the system to work, it is essential that the value of money should not keep declining against commodities; otherwise people would move away from holding money, and it would cease to be not just a form of wealth, but even a medium of circulation.

Hence, capitalism seeks to ensure the stability of the value of money in a number of ways. One is the maintenance of a vast reserve army of labor, not just within the metropolis but also in the third world. This “distant” reserve army keeps down not only local money wages, and hence the prices of raw materials produced there, but also the money wages of workers in the metropolis, who are threatened with unemployment through capital outflows to the third world, if they insist on higher wages.

These reserve armies in both center and periphery, however, are not enough. Even if there were no autonomous increase in raw material prices and money wages due to the existence of these reserve armies, certain scarce commodities would still experience a price rise as capital accumulation increases the demand for them. The threat this poses to the value of money has also to be warded off, which is done by restricting the demand for such commodities outside the core capitalist sector, through a squeeze on mass purchasing power (i.e., by imposing an “income deflation”).

Historically, two typical instruments of such income deflation have been the siphoning off without any quid pro quo of the surplus produced in the periphery (Indian anti-colonial economists called this the “drain of wealth”), along with the destruction of petty production there through imports from the capitalist metropolis (which the same writers labeled deindustrialization)—a process that created the “distant” reserve army in the first place. This entire arrangement, encompassing the world outside of capitalism proper, constitutes “imperialism.” It does not end with colonialism; on the contrary, its importance increases with financialization when stability of the value of money becomes a matter of even greater overriding concern (whence the current obsession with inflation targeting).

Imperialism as an arrangement nonetheless has remained largely invisible to the discipline of economics, even to its best practitioners and even in the colonial period. John Maynard Keynes, in his classic work *The Economic Consequences of the Peace*, talked about the “economic Eldorado” that pre-war Europe represented, but failed to mention that this Eldorado rested upon an elaborate framework of imperialism. Europe’s accessing of food from the “new world,” an important aspect of this Eldorado, would not have been possible if this food had not been paid for, through an intricate arrangement, by Britain’s appropriation *gratis* of a part of the surplus of its colonies and semi-colonies (drain of wealth), and by its export of manufactured goods to its colonies and semi-colonies at the expense of their local producers (deindustrialization).[1]

Imperialism, however, is not just some phenomenon limited to history. It necessarily underlies capitalism in all its epochs, including the current era of globalization.

I

Economists have always been haunted by the specter of “diminishing returns.” Ricardo had famously seen "diminishing returns" in agriculture leading to a progressive fall in the rate of profit, a progressive shift of the terms of trade between manufacturing and agriculture in favor of the latter, and the eventual denouement of a stationary state where further growth became impossible. Even Keynes in the aforementioned work saw "diminishing returns" in food production as undermining the Eldorado even if the war had not done so. And yet none of these fears have come true. The terms of trade between manufacturing and agriculture have shown a secular tendency to shift *against*, rather than *in favor of*, the latter; and while the growth rate under capitalism has come down of late, this has nothing to do with any fall in the profit rate caused by "diminishing returns."[2] Likewise, the advanced capitalist world has no difficulty to this day in meeting its food requirements, belying the fears of Keynes. How then do we explain this contrast between fears and reality?

We cannot simply claim that "diminishing returns" are a myth. The limitation of land-size is without doubt a material reality to reckon with. Land-size of course can be augmented, not in natural but in effective units, through yield-raising technological progress, or through certain kinds of investment, such as irrigation, which make multiple cropping possible. In other words, "land-augmenting" measures are certainly possible. But in their absence, the limitations of land-size would rise over time, as demand increases, the "real cost" of agricultural output, to use Keynes's term. This means that, for a given money wage and money prices of other inputs, the supply price of this output will increase over time as more of it is produced.

Such an increase in supply price creates serious problems for capitalism. These arise not because of a diminishing rate of profit or a slide towards a stationary state as Ricardo had feared. Such fears relate in any case to *long-run* prospects. Increasing supply price, in so far as it gets translated to an increase in price, undermines the value of money, and that is a very serious and *immediate* issue for capitalism. If wealth-holders believe that the value of money in terms of commodities is going to fall over time, then nobody will hold wealth in its money-form.

It may be thought that since all other commodities have positive carrying costs while money has none, a shift from money to some commodity as the form of holding wealth will take place only if some minimum rate of inflation in the price of that commodity is expected to occur (for which it must first occur and therefore be expected), which outweighs its carrying cost. If this threshold inflation rate is not reached, then no shift from money to this commodity will occur at all.

Two points must be noted here. One, if *some* people expect the rate of inflation to exceed the rate of carrying cost on a commodity, even while the majority do not, then they would shift from money to that commodity. This, however, would force the price of that commodity upwards, and make *some more people* also shift from money to that commodity because of revised expectations regarding its price, and so on. And if, because of increasing supply price, nobody expects that commodity's price to *fall*, then an inflationary process will eliminate money from its role of a wealth-form.

Second, and more importantly, within agricultural lands the *tropical* land mass occupies a special position. Its size is *absolutely* fixed (in the absence of "land augmenting" measures), but it produces a range of products for capitalism that are simply not producible elsewhere, though of vital importance for it. Raw cotton, the material central to the original Industrial Revolution that got capitalism going, could only be produced in the tropical and sub-tropical regions. Hence as accumulation proceeds in the metropolis, the supply price for a range of products producible on the *fixed* tropical land-mass shoots up. The consequent inflation rate far exceeds any threshold rate for shifting from money to commodities.

Any such increasing supply price therefore is fundamentally incompatible with the role of money as a form of wealth-holding. And since even holding money for transaction purposes entails a holding of wealth in money-form, no matter for how fleeting a moment, anything that eliminates money as a wealth-form *ipso facto* also eliminates money as a medium of circulation, and hence makes a monetary economy impossible. Such increasing supply price therefore is fundamentally incompatible with a monetary economy.

It is essential for the viability of the capitalist system that this phenomenon of increasing supply price must not be allowed to manifest itself. And this is exactly what has happened throughout the history of capitalism, which is why neither the Ricardian prognostications nor the Keynesian anticipations *ever materialized*. This was not because diminishing returns are a myth, but because capitalism has taken recourse to other ways of ensuring that they do not materialize.

Imperialism is one such device, which ensures that the phenomenon of increasing supply price does not actually manifest itself. In fact, as we shall see, it is not just one *possible* device, but *the* device typically used by capitalism for this purpose, whence it follows that imperialism is immanent in the money-form itself. Let us see why and how imperialism becomes germane to this entire issue.

II

Let us first discuss agriculture before coming to extractive industries, whose case is similar. The fixed size of the tropical land-mass would not be a problem if land-augmenting investment or land-augmenting technical progress could take place to a degree sufficient to offset increasing supply price. But these typically require public investment. Irrigation in the tropical regions for multiple cropping, as Marx had noted long ago, requires the state, since the scale of investment far exceeds what is possible or even profitable for an individual producer, who typically happens to be a petty producer.3 Even land augmenting technical progress and reducing risks for the petty producers, in the form of newer practices, require research that only the state can undertake and disseminate widely. (Even when multinational corporations develop and disseminate new varieties of seeds and other inputs that can raise yields, the degree to which these innovations get adopted depends upon the availability of subsidized credit and other inputs which the state provides.)

But where the state is constrained to follow the principle of "sound finance"—as was the case in tropical countries prior to decolonization, when the state tried to balance its budget, and as is the case again under globalization, when "fiscal responsibility" (in the sense of a 3 percent or less fiscal deficit-GDP ratio) has become the "norm"—land augmenting initiatives from the state become conspicuous by their absence. The *spontaneous* tendency under capitalism (i.e., excepting its transitory post-colonial *dirigiste* phase) is to eschew "land augmentation."

Preventing increasing supply price from manifesting itself therefore typically takes the form of suppressing the *ex post* demand for such commodities even as their *ex ante* demand increases. The non-increase in ex post demand in effect means that the phenomenon of increasing supply price does not manifest itself.

Suppressing ex post demand can be done in two ways: one through what Keynes called "profit inflation," i.e., a *rise* in prices relative to *given* money wage-bills and money income-bills of the working people; the other through what one may call "income deflation," i.e., a *fall* in money wage-bills and money income-bills of the working people for given prices. The first of these entails once more a threat to the value of money and hence to the stability of the monetary system.

True, one can imagine a situation where profit-inflation is *localized*, posing no threat to the metropolitan currencies, i.e., where the rise in prices relative to money wages occurs in a particular non-metropolitan country or set of countries, whose exchange rate depreciates correspondingly vis-à-vis the metropolitan currencies. But even such localization of profit inflation would necessarily undermine the value of the local money and thereby destroy the local monetary system. What is more, a flight from money to commodities *within* that set of countries could raise some commodity prices even in terms of metropolitan currencies, and hence cause problems for the value of money in the metropolis. Therefore, even though such profit inflation does occur, the more favored means of suppressing ex post demand under capitalism, to prevent the manifestation of increasing supply price, is income deflation. A whole range of instruments are used to ensure that ex post demand for commodities with increasing supply price is suppressed, through a squeeze on the money incomes of the working people.4

The question arises: Working people where? The preservation of the value of money in the metropolis by preventing any manifestation of increasing supply price can be ensured through imposing income deflation *upon any segment* *of the working population that demands the particular commodity*. In other words, income deflation may be imposed on the working people either in the metropolis or in the periphery (or both); in either case it would serve its purpose. But it seems unrealistic to imagine that the working people in the periphery would be spared while those in the metropolis would be squeezed. If anything, the social stability of metropolitan capitalism would require the very opposite of this, namely, to shift the burden of income deflation as much as possible to the periphery. Hence the conclusion emerges: metropolitan capitalism *necessarily imposes income deflation upon the working people of the periphery, including even upon the very petty producers whose products are subject to increasing supply price ex ante (i.e., at unchanged rates of money earnings for them)*.

The fact that metropolitan capitalism necessarily imposes income deflation upon the working people of the periphery remains unaltered no matter what phase of capitalism we talk about, and no matter what else happens in that phase. *It is a defining characteristic of imperialism*. In an exclusively capitalist world where even the "diminishing returns" activities are within the capitalist sector, such as the situation Ricardo had visualized, the term "imperialism" will have no meaning. Wage deflation *within* capitalism will then be the sole form of income deflation. But when there are other modes of production and classes that have a spatially distinct existence (such as in the tropical land-mass or the periphery in general, as distinct from metropolitan capitalism that is primarily located in the temperate regions), then the imposition of income deflation has a spatial dimension too; and this spatiality has been traditionally referred to and captured by the term "imperialism."

In the current period, when the weight of finance has increased, the urgency to preserve the value of money has become even greater. Hence the need to impose income deflation in general, and upon the working people of the periphery in particular, has become even more pressing. Imperialism, far from disappearing, has become even more significant. That a segment of the periphery's bourgeoisie has become integrated with metropolitan capital, that some countries in the periphery have experienced high "growth," and that the working people in the metropolis are now experiencing income deflation to a far greater extent than before, are all differences to be registered regarding the contemporary capitalist world in contrast with its past. But having registered them, we must also make clear that they make not an iota of difference to the reality of imperialism, i.e., to the fact of the imposition of income deflation by metropolitan capital on the working people of the periphery.

It may seem to some that this reality of imperialism is only in focus when we are looking at the limited sphere of agriculture, as we have been doing so far. Quite apart from the fact that, in the global picture that sphere is far from limited, all that has been said so far about agriculture, especially the products of the tropical land-mass, holds equally for extractive industries. The imposition of income deflation upon the working people of the periphery is also a means of ensuring that the problem of increasing supply price does not manifest itself with regard to the products of extractive industries.

Extractive industries however have an additional specificity. Unlike a land-mass cultivated by vast numbers of peasants, minerals are to be found in specific locations whose ownership can be easily monopolized. Metropolitan capital therefore always tries to monopolize this ownership. In a period of inter-imperialist rivalry, there is rivalry among the different segments of metropolitan capital to acquire ownership, not just of actual mineral sources but even of potential ones, as V.I. Lenin had argued. But in periods like the present, globalization—which leads to the formation of an *international* finance capital, as distinct from a mere international agreement between national finance capitals, such as Karl Kautsky had visualized—mutes inter-imperialist rivalries generally, including rivalry for ownership and control over actual and potential sources of mineral wealth. Its being brought under the neoliberal regime, as opposed to being under the control of the periphery's state, is generally insisted upon by all shades of metropolitan capital.

III

The old imperialism, i.e., imperialism *with* colonies, used the colonial state to impose income deflation upon the working people of the periphery, so that their absorption of what the periphery itself produced could be curtailed and the commodities so released could either be directly taken to the metropolis, or could make way for the production of other commodities demanded by the metropolis, towards which the land hitherto used for their production could shift. The two main forms of income deflation were: the colonial taxation system, with a large part of the revenue being used to buy these commodities, which thus accrued *gratis* to the colonial power as the "drain of surplus" mentioned earlier; and the creation of unemployment through the destruction of local crafts by imports from the metropolis, i.e., the process of "deindustrialization" mentioned earlier. "Deindustrialization" also directly released commodities hitherto locally absorbed, such as raw materials used up in textile production and food grains that had gone into the subsistence of the now displaced petty producers.

The old imperialism had the "advantage" that the leading metropolitan power of the time, Britain, could keep its economy open to the goods of the then newly industrializing countries, *without getting indebted*. On the contrary, it became the largest capital exporter in the years before the First World War. For at least four decades up to 1928, India had the second largest export surplus in the world (second only to the United States), and this despite the imports of goods that caused domestic deindustrialization. But this export surplus was entirely appropriated by Britain not only to pay for its current account deficit with continental Europe, North America, and regions of recent European settlement, but also to allow it to export capital to these regions.5 This contrasts with the position of the leading metropolitan power of today, the United States, which is also the most highly indebted country in the world, with a rapidly growing debt. The difference between the two situations arises because colonial markets and colonial "drain" can no longer play the same role as before, though no doubt the phenomena of market encroachment and drain of surplus continue, the latter in the form *inter alia* of super-profits from technological monopoly, now institutionalized by the TRIPS (Trade-Related Aspects of Intellectual Property Rights) agreement.

The reduced importance of the drain of surplus and of the markets of the periphery arises not just because of political decolonization, but also because the scope for further encroaching on these markets that have already been penetrated is limited, while the current needs of metropolitan capitalism are enormous. *In contemporary capitalism, in contrast to the colonial period, the enforcement of neoliberal policies is the chief means of imposing income deflation on the working people of the periphery*. There are at least five ways in which these policies bring about income deflation for the working people in the periphery. The most obvious is through a massive increase in income inequalities. The large labor reserves that exist in the periphery in countries like India, China, Indonesia, and Bangladesh, far from getting used up, actually increase in relative size, which keeps down the real wages not only of the working people in the periphery, but also of the workers in the metropolis. This is because the workers in the metropolis now have to compete with those in the periphery. Metropolitan capital has a new willingness, that did not exist earlier, to move to the periphery and set up production units to meet metropolitan (instead of local) needs. The vector of world real wages therefore does not show any increase; it even decreases.6 But labor productivity increases everywhere, resulting in a rise in the share of surplus. This imposes income deflation on the working people, even while creating a tendency towards global "under-consumption."

The second way in which income deflation is imposed on them under neoliberalism is through the government's fiscal measures. Given the fact that economies get opened to global capital flows, including global financial flows, governments vie with one another to offer fiscal concessions to globalized capital to entice it to locate plants on their soils for bringing about "development." At the same time, since "fiscal responsibility" enjoins a limit on the relative size of the fiscal deficit, tax concessions to capital are necessarily matched by cuts in social expenditures, transfers to the poor, food subsidies, and public provisioning of essential services like health and education, all of which hurt the working people, and all of which reduce in real terms the purchasing power in their hands. Income deflation restricts their consumption of essential goods like food grains, so that the use of the limited land-mass for meeting the demands of the rich becomes possible without posing any threat to the value of money. What accompanies this process, however, is growing hunger among people.

The following figures illustrate the point. Taking the world as a whole, between the triennium 1979–1981 and the triennium 1999–2001, per capita cereal output (average annual output divided by population of the middle year) fell from 355 to 344 kilograms.7 With the world per capita income rising, since the income elasticity of demand for cereals is positive and since no major stock decumulation took place in the latter period compared to the former, one would have expected a significant increase in cereal prices over these two decades, and hence also a shift in the terms of trade in favor of cereals vis-à-vis manufacturing. In fact, these terms of trade *declined for cereals* by 46 percent over these two decades![8] The virulence of the income deflation imposed upon the working people, especially in the periphery, may be gauged from this.

The third way is through a reduction in the share of the petty producers in the aggregate value added in the entire chain from the harvest to the retail market. This occurs because petty traders with little bargaining strength, and government marketing agencies that earlier existed to give a “fair” share to producers, are increasingly replaced by monopoly capitalists, including multinational corporations.

The fourth way is through a continuation of the colonial process of displacement of local petty producers and local petty traders by big business, including multinational corporations. The phenomenon of deindustrialization now spreads to the tertiary sector as well, where Walmart and other corporations precipitate a new round of displacement-cum-unemployment. Such a fate also awaits craftsmen, fishermen, and a host of petty producers.

The fifth and the last way is in many ways the most significant: the unleashing of a process of primitive accumulation of capital vis-à-vis the peasantry, where large capital, in the name of “development” and “infrastructure,” takes over not just common or government land, but even that belonging to the peasants at “throwaway” prices. The imposition of income deflation on the peasantry affects not just the demand side but also the supply side of agricultural commodities. However, this only means that, for the preservation of the value of money, the squeeze on demand has to be even greater.

Globalization thus greatly accelerates the process of separation of petty producers from their means of production. At the same time, it also adds to the size of the global reserve army of labor, and helps to ensure that it does not get depleted.[9]

IV

The existence of a pool of unemployed and underemployed labor itself acts as a measure of income deflation—but it also prevents any possibility of a money wage-push, a prevention that is vital for the preservation of the value of money.[10]

The usual discussion of the role of the reserve army in the Marxist tradition has tended to emphasize the restraint it places on *real wages*, and hence the fact that it keeps the process of exploitation going. This is the way that Marx himself discussed the subject. But while changes in money and real wages went together in Marx’s theory (as he was focusing on a universe with “commodity money”), in a world with credit money, these two changes need not go together. It is not enough in such a world that there should be a restraining factor, from the point of view of capital, upon the level of *real wages*; there should also be a restraining factor upon the level of *money wages*.

The reserve army in such a world therefore plays the role of stabilizing the monetary system by keeping down the level of money wages. It does not just preserve the process of appropriation of surplus value; it also keeps the monetary system going, for which of course the size of the reserve army has to be large enough. In the era of globalization, when the international mobility of capital links the wages of workers in the metropolis with those of the workers in the periphery, the reserve army itself plays a global role. *Even if not located in the metropolis itself, it plays a global role by keeping down the vector of money wages across all countries, including the metropolis, and imparting stability to the metropolitan monetary system*. The maintenance of a global reserve army thus complements the process of income deflation and is an integral part of the operation of imperialism.

The global reserve army is in general spontaneously reproduced—and has even increased in relative size—in the era of globalization. The increasing global income inequalities raise *ceteris paribus* the rate of growth of labor productivity. This is because the rich, on average, not only demand less employment-intensive products than the poor, but also move to newer and newer products more rapidly, which typically are less and less employment-intensive. Therefore, for any given rate of output growth, the employment growth rate slows down under globalization.

True, the rate of output growth itself has been higher in some peripheral economies in the era of globalization, but even this has not been enough to prevent a relative increase in the labor reserves, as the term "jobless growth" used in the context of economies like India suggests.11 *An even more important source for replenishing and enlarging the reserve army is, as we have seen, the process of primitive accumulation of capital, which gets intensified in the era of globalization and throws vast numbers of displaced petty producers on a job market where the rise in demand for labor is just not rapid enough*.

One implication of the foregoing should be noted: the non-depletion of the reserve army of labor in peripheral economies is important not just for the bourgeoisie of these economies, but for metropolitan capital as well. It follows that the belief that with growth in peripheral economies, a state of labor shortage will arise there sooner or later, putting an upward pressure on wages and hence eliminating poverty, is a naïve one. Any such *denouement* will be associated with a collapse of the monetary system in the metropolis, which the latter will fiercely resist, along with the local big bourgeoisie that is now integrated with it.

V

Imperialism subserves a whole range of requirements of capitalism, such as acquiring external markets and ensuring the supply of raw materials, without which, as Harry Magdoff had pointed out, there would be no manufacturing whatsoever, no matter how small its share in the gross value of manufacturing output.12 All these requirements persist in the era of globalization, but one in particular comes to the forefront, precisely because of the overarching presence of finance, and that concerns the preservation of the value of money. A set of processes associated with capitalism in the era of globalization, which are not confined to the metropolis but affect the periphery deeply, spontaneously work towards this end. The intensified process of primitive accumulation of capital (which as Rosa Luxemburg had pointed out is not confined only to the pre-history of capitalism but accompanies it throughout its history); the replenishing and enlarging of labor reserves in the periphery because of such primitive accumulation and also because of the high rates of labor productivity growth *within the capitalist segment*; the pursuit of neoliberal policies, which unleash a process of income deflation quite apart from what ensues because of the increase in the relative size of the global reserve army, are all part of this phenomenon. All these processes, which enmesh the periphery in their web, constitute key elements of contemporary imperialism. All of them constitute impositions upon the working people in the periphery against which they are powerless to act, notwithstanding political decolonization, unless they delink their economies from a regime of liberalized capital and trade flows.

It is often argued that during the 1950s, '60s, and '70s—when the United States, as the leading capitalist power, engineered the overthrow of governments, from Mossadegh to Arbenz to Allende, that were attempting to acquire greater control over their national resources at the expense of multinational corporations—imperialism was a real phenomenon, but not so now. In other words, while imperialism was a meaningful term not just in the colonial era but even in the post-war decades, it is no longer so.

Our argument is precisely the opposite of this. Imperialism became visible because the dirigiste regimes, that came up in former colonies after decolonization, sought in various ways to overthrow its yoke. They sought to acquire greater control over national resources; jettisoned the principle of "sound finance" even as they raised taxes on domestic and foreign capitalists; used the public sector as a fallback option in the event of capitalist resistance and non-cooperation; carried out "land augmenting" investment and technical progress under the aegis of the public sector, which obviated the need for any income deflation; and committed the state to the task of provisioning essential services. All this meant a loosening of the imperial stranglehold, which is why imperialism was so visible in opposing these regimes.

But with the imposition of neoliberal policies in the era of globalization, the scope for any independent action on the part of the nation-state against globalized finance, which can leave its shores when it pleases, gets greatly curtailed. Put differently, the third world state undergoes a change from the dirigiste era to the neoliberal era: from being a state (even if a bourgeois state) that apparently stands above all classes intervening for the "social good," and hence on occasions even on behalf of the oppressed, to one that promotes almost exclusively the interests of the corporate-financial oligarchy, which is integrated with globalized capital, on the grounds that its interests are coterminous with "social interest." With this change in the nature of the state that is effected everywhere through the process of globalization, the need for any explicit imperialist intervention disappears (except for acquiring direct control over oil as in Iraq). *In short, the invisibility of imperialism today means that it has become far more powerful, not that it has disappeared*.

VI

There is more to this power of imperialism than the mere possibility of capital flight. Globalization tends systematically to undermine all possibilities of resistance in the periphery against the hegemony of international finance capital. The growth in the relative size of the reserve army makes trade union action difficult, and labor rights are undermined in the name of introducing "labor market flexibility" for attracting capital to boost "development." It also gives rise to privatization of public-sector units, "outsourcing" of work to the unorganized sector, the substitution of casual labor for full-time workers, and a shift towards "domestic production" at extraordinarily low wages—all of which make organized workers' resistance difficult. Simultaneously, the dispossession of the peasantry, and the income deflation imposed upon it also tends to make peasant action that much more difficult. The two "basic classes" therefore get weakened.

But this only means that *traditional forms of class resistance* become more difficult to replicate, and new forms of resistance must be developed. To distract from the economic hardships they bring to the people under globalization, neoliberal regimes seek to find political props for their survival by promoting ethnic, religious, and other forms of sectarian strife in society. In doing so they contribute to a disintegration of social life. Such a tendency, however, also creates the conditions for an overthrow of neoliberalism, and a movement through stages towards a transcendence of capitalism, as it increasingly makes clear to the people that the choice—as Rosa Luxemburg put it—is between socialism and barbarism.

Notes

1. ↩For the role of such "drain of surplus" and "deindustrialization" see Amiya Kumar Bagchi, *Perilous Passage: The Global Ascendancy of Capital* (Delhi: Oxford University Press, 2006); and Utsa Patnaik, "The Free Lunch: Transfers from the Tropical Colonies and their Role in Capital Formation in Britain During the Industrial Revolution" in K.S. Jomo, ed.,*Globalization Under Hegemony: The Long Twentieth Century* (Delhi: Oxford University Press, 2006), 30–70.
2. ↩For a recent estimate of the secular movement in the terms of trade, see Shouvik Chakraborty, "Movements in the Terms of Trade of Primary Commodities vis-à-vis manufactured Goods: A Theoretical and Empirical Study," PhD thesis, Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi, 2011.
3. ↩Karl Marx, "The British Rule in India," in Iqbal Husain, ed.,*Marx on India* (New Delhi: Tulika Books, 2006). Originally published in the*New York Daily Tribune*, June 25, 1853.
4. ↩For a discussion in the Indian context see Utsa Patnaik, "Deflationary Neo-liberalism: An Indian Perspective" in Paul Bowles, et al., eds.,*National Perspectives on Globalization: A Critical Reader* (London: Palgrave, 2007).
5. ↩See Utsa Patnaik, "India in the World Economy 1900 to 1935: The Inter-War Depression and Britain's Demise as World Capitalist Leader,"*Social Scientist* 42, nos. 1–2 (January–February 2014): 13–35.

6. ↩For the United States, for instance, Joseph Stiglitz says, “Adjusted for inflation, real wages have stagnated or fallen; a typical male worker’s income in 2011 ($32,986) was lower than it was in 1968 ($33,880).” See “Inequality Is Holding Back the Recovery,”*New York Times Opinionator*, January 13, 2013, http://opinionator.blogs.nytimes.com.
7. ↩The cereal output data are taken from the UN’s Food and Agricultural Organization.
8. ↩We are grateful to Dr. Shouvik Chakraborty for giving us this figure.
9. ↩The discussion which follows has benefited greatly from John Bellamy Foster, Robert W. McChesney, and R. Jamil Jonna, “The Global Reserve Army of Labor and the New Imperialism,”*Monthly Review* 63, no. 6 (November 2011): 1–31.
10. ↩The discussion which follows is based on Prabhat Patnaik, *The Value of Money* (New York: Columbia University Press, 2009).
11. ↩Between 2004–2005 and 2009–2010 for instance when India’s GDP was apparently growing at over 7 percent per annum, the number of those whose “usual status” is being employed increased at an annual rate of 0.8 percent, according to the National Sample Survey, which is much lower than the rate of growth of labor supply.
12. ↩Harry Magdoff, *The Age of Imperialism* (New York: Monthly Review Press, 1969).