

Book Reviews

EUROPE VERSUS AMERICA? CONTRADICTIONS OF IMPERIALISM,

by Ernest Mandel. New Left Books, \$4.90, 139pp.

MANDEL'S BOOK is a Marxist economist's answer to Servan-Schreiber's *The American Challenge* (Penguin Books, 1969). The framework of the analysis is Lenin's theory of imperialism, which in the most general terms is the analysis of the relationships between capitalist nation states in the era of monopoly capital. While non-Marxist, or bourgeois economists do not use the term "monopoly capital", the phenomenon of concentration of ownership and control of industrial enterprises in advanced capitalist countries into fewer and fewer hands over the last 100 years and the associated increase in monopolistic forms of market structure is not disputed. Nor is there any dispute over the analysis in chapter 2 of Mandel's book that there has been a new wave of mergers which has resulted in yet more highly increased concentration of capital control over the last 15 years or so, and associated with this, an enormous increase in direct foreign investment by the so-called multi-national corporation. However, the implications of this phenomenon for the relations between two of the biggest spheres of capitalism — the United States of America and Western Europe, is more controversial.

There are several steps in Mandel's argument. He argues that, by the end of the second world war, America had emerged as the leading capitalist (and therefore imperialist) power, dominating both economically and politically the economic life of all capitalist countries. However, the extent to which America was able to dominate the world was limited in three broad ways. First, the advent of the Soviet Union and the European socialist block divided the world into two spheres. Second, revolutionary movements in former colonies of European powers, such as in Cuba and Vietnam, prevented America from gaining economic and political dominance over these areas. Thirdly, the need to restore and support the economic strength of Western Europe and Japan not only as a part of the Cold War but also as a profitable outlet for American investment, led to the re-birth of rival capitalist power centres. The implications of the rapid growth of Western Europe and Japan for the ability of America to dominate the so-called Free World economy thus forms the main part of the book.

Given that there are strong competitive forces which give rise to the international concentration of capital, Mandel examines the alternatives put forward by Servan-Schreiber: Will there be concentration of capital within Europe, developing European corporations and, eventually, a new United States of

(Another review of this book appeared in *ALR* No. 29—Ed.).

Europe, or an international concentration of capital via trans-Atlantic mergers, leading to the development of Europe as a "colony" of the United States of America? Mandel argues persuasively that the former outcome is far more likely, due amongst other things to the passing of de Gaulle and to the prospect of an increase in unemployed labour and capital during the 1970's forcing the member states of the EEC (with or without the United Kingdom) to create a more favourable environment for the rationalization of industries within Europe. The next step will then be increasing competition with American corporations via direct investment within the United States by the consolidated European corporations, to counter American penetration of their home markets. Mandel predicts that Japanese corporations will do the same. The ensuing phase of intense competition between American, European and Japanese capital will then lower the degree of independence of the three major centres of power in the capitalist world.

What are the implications of these developments for working class movements, both in America and Europe? In America, if attempts to prevent increased European and Japanese competition by increased protection against European and Japanese competition by increased protection against imports and direct foreign investment are not successful (and there is some evidence that these attempts will fail, witness the recent failure of the Nixon administration to obtain drastically increased protection of the American textile industry), then an incomes policy will be crucial for keeping down wages so that American corporations can meet foreign competition and remain profitable. Associated with the incomes policy, Mandel predicts increasingly repressive anti-union measures. In Europe, similar forces will operate, requiring further development of the EEC so that it has the power to implement an incomes policy and to provide support for the development of the new technology so necessary to meet American competition.

As a Marxist, Mandel does not see any possibility under capitalism to provide the framework and environment for man to fully develop and express himself because of the wastefulness of competition, the need for and the propensity to spend too much on armaments, and the lack of control of workers over their lives at all levels, including the workplace. Mandel poses European socialism — not the Soviet model of bureaucratic centralism, but more decentralized worker-control — as an alternative to the possibilities seen by Servan-Schreiber. To this end, he sees the need for the development of internationalism in the working class movements of Western Europe — not to parallel the European wide coordination of capital and the associated state institutions, but to build a United Socialist States of Europe. Such a state would be able to nationalise the organization of industries to meet the requirements of modern technology while providing a better framework for human organization. To achieve this end, the relative weaknesses of capitalism in the transition period from separate nation States to the United (Capitalist) States of Europe should provide the opportunity for a working class movement to go beyond the experience of the French workers in May, 1968, and actually take power. Should this not be possible, the chances of a working class movement achieving power after the consolidation of a new European state would be very much lessened.

Many aspects of Mandel's arguments are supported by a set of papers on

the Multinational Corporation recently published under the editorship of the American economist Charles P. Kindleberger (*The Multinational Corporation: A Symposium*, edited by Charles P. Kindleberger, MIT Press, 1970). For example, the paper by Johnson on the economic forces leading to the success of the multinational corporation, namely the importance of technical knowledge and the need for monopoly power to exploit that knowledge, provides a sharp and lucid argument supporting Mandel's analysis. The paper by Hymer and Rowthorn supports the over-all prediction that there will be increasingly intense competition between American, European and Japanese firms in the American market, and provides convincing arguments to show that the first of the Servan-Schreiber options — the relegation of Europe to a colony status, is merely a myth. These authors also put forward compelling reasons to suggest that, in absence of the formation of new supra-national state institutions, the conflicts and contradictions, and the national, local and urban needs of people organized in existing political groupings, will increase. For example, given that many multinational corporations are bigger economic units than cities, how will conflicts between the requirements of urban planning and international industrial planning by corporations be resolved? Or, in the absence of a supra-national state, how will the maintenance of full employment in, and the coordination of the various economic policies of existing nation states be achieved? It is precisely such contradictions, in conjunction with the need for the international rationalization of capital, which Mandel believes will lead to the gradual formation of a United (Capitalist) States of Europe. Whereas Hymer and Rowthorn leave open the question of whether or not the nation state as we know it will survive the growth of multi-national corporations, Mandel argues for an inbetween solution where the western European states merge into some form of federation to compete with America and Japan. In view of the evidence that Servan-Schreiber's exhortations in this direction have been accepted in Western Europe, Mandel's predictions appear to be soundly based.

In his introductory chapter, Kindleberger attempts to use the papers by Rubin and Waltz to show that the predictions by Hymer and Rowthorn (and therefore Mandel) about the future of the nation state under capitalism, are unfounded. However, it is difficult to sustain Kindleberger's arguments. Rubin attempts to show that the multi-national corporation will not need a parallel state power to resolve conflicts in international jurisdiction. While it is true that Rubin can come up with examples where such conflicts were resolved without supra-national institutions, the resolution merely reflects the realities of existing power situations; where one side is powerless to execute its sovereign rights this does not mean that attempts will not be made by national governments to alter those power situations by political alliance with other nations or groups of nations to achieve their ends. In this respect, a united rather than divided Western Europe will be better able to negotiate with America, and although this would lead to the loss of sovereignty of individual nations within Europe, it would provide a more effective counter to American power. The Waltz paper, while showing that the United States of America is less dependent on the rest of the world than Britain at the peak of her economic and political power in the 19th century, does not show that there is no interdependence. Further, he notes an important asymmetry in the degree of in-

terdependence — the rest of the world being more dependent on America than the other way around. In many respects, Waltz provides a neat summary of the way in which the United States of America dominates both economically and politically the so-called Free World; his attempt to make a direct analogy with the Soviet Union, implying that exactly the same forces are at work, is without foundation. However, having shown that America is less dependent on the rest of the world than Britain in the 19th century does not mean that America will not react to the interdependence that she feels, or that capitalist states in Europe and Japan will not attempt to change their relative dependence and to challenge American power. The evidence put forward by Mandel suggests that in Western Europe this will indeed be the case.

The major weaknesses of Mandel's book lie in the brevity of his analysis and a lack of sharpness in his economic arguments; it is for this reason that the papers by Johnson and Hymer and Rowthorn are such useful supplements. For those who hope for the development of socialism in Europe, Mandel's book provides only an analysis of the contemporary situation and likely developments; it does not show how to move from an uprising of workers and students like that in France in 1968 to actually gaining power, nor does he show how it will be possible for working class movements in Europe to "catch up" to the international outlook of corporations, let alone surpass them in the organization of the United Socialist States of Europe. Mandel provides only the starting point. Nevertheless, the power of Mandel's book lies in this ability to abstract from a very complex set of observed phenomena, thus providing an analysis of the major trends in the American and European economies and to carry the implications forward into predictions about the future.

DAVID EVANS

THE DESTRUCTION OF ABORIGINAL SOCIETY, by C. D. Rowley, ANU Press, \$6.50, 430pp.

THE DESTRUCTION OF ABORIGINAL SOCIETY is the first of a series of three volumes on the general theme "Aboriginal Policy and Practice" undertaken by Professor Rowley on behalf of the Social Sciences Research Council of Australia, and representing the results of a major research project by the Council.

The present volume deals with the facts of frontier clash and its aftermath from the days of first settlement until the period following World War II. The second volume examines the emergence of the part-Aboriginal communities of the closely settled areas, while the third volume deals with the situation of Aborigines in the settlements (the 'colonial areas' of Australia as the author describes them) and examines the effect of land policies, mining development and labor policies. The whole project represents the first attempt to assemble on a national scale the facts relating to the treatment of Aborigines in all the Australian States. The Social Sciences Research Council, no less than the distinguished author, are to be congratulated on undertaking a project of such national importance.