



ASSEMBLEE NATIONALE

WATER & LENIN IN THE 21ST CENTURY

STOP
NATO

INCLUDES
'Imperialism,
the Highest Stage
of Capitalism'
Vladimir Lenin

Gary Wilson

WAR

& LENIN
in the 21st Century



Second Edition

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Imperialism and the road to socialist revolution

Over a century has passed since Vladimir Lenin, the leader of the Russian Revolution, wrote "Imperialism: The Highest Stage of Capitalism." This work defined the politics of the last century. That's in part because Lenin was the leader of the first socialist revolution as well as the de facto leader of the Third (Communist) International. Even if Lenin had not led a socialist revolution, his pamphlet likely would have been influential, though maybe not as much as it has been.

To fully understand the importance of Lenin's pamphlet, you need to know the circumstances in which it was written and why Lenin wrote it. Lenin always had a specific political purpose for his major writings.

Lenin wrote "Imperialism" while European capitalism was tearing itself apart in the upheaval of the First World War.

Leaders of the Second International — an international organization that was established in 1889 to unite socialists worldwide — had recognized the growing likelihood of a major conflict among the European powers. While Lenin expected the war, the disintegration of the Second International caught him off guard. As the war unfolded in Europe in the summer of 1914, most of the Second International's branches caved in. They sided with their own countries against the other countries, effectively ending the Second International.

Before the war, the socialist parties of Germany, France, and other European countries had been agitating widely against war. Workers staged mass anti-war rallies in most capital cities, pledging solidarity with workers of all countries against the bosses. At that time, the anti-war struggle was considered an inseparable part of the working-class struggle against capitalism.

Based on the sizable anti-war movement before the war and the anti-war conferences held by the parties of the Second International from all countries, the outbreak of the war was expected to put the overthrow of capitalism at the top of the Second International's agenda. The workers of all these countries were united to defend their own interests against the capitalists and their war.

Workers were expected to unite to overthrow their rulers, who were forcing them to take arms against fellow workers in other countries.

Competitive capitalism had transformed into monopoly capitalism. Monopoly capitalism meant imperialism and the competition for colonial domination and for world markets.

As Lenin points out in "Imperialism," it wasn't just about colonizing other countries. In the drive for capitalist profits through the exploitation of labor, a small group of powerful capitalist countries maintain dominance through monopoly control of finance and industry. This exploitation took many forms, such as extracting resources, controlling markets, or dominating trade.

Imperialism (monopoly capitalism) was the root cause of the war; therefore, overturning capitalism would end it. That's what the Second International had vowed before the war. However, too many of the Second International parties in the imperialist countries ended up supporting their own imperialists in the war.

Lenin's writings in those years were linked to the Second International's collapse and the efforts to establish a new Third International. From Lenin's perspective, the new International would be based on the lessons learned from the Second International's failure.

The meaning of imperialism

Today's socialists face the questions that confronted earlier generations of socialists, both in the U.S. and worldwide, especially the question of imperialism and imperialist war. What is the meaning of the word imperialism?

What position should you take on the wars now raging in Palestine, Yemen, and Syria and the threatening spread of a U.S. war on Iran? What about the U.S./NATO proxy war against Russia in Ukraine? Or U.S. AFRICOM's operations in Somalia, Sudan, Kenya, Ethiopia, and Niger? Or

Washington's threats targeting Cuba, Venezuela, and North Korea? Or the war buildup against China?

The struggle for socialism in 1914 and now

Struggles against imperialism are often fought with socialist goals, such as the Cuban Revolution in 1959. Socialists today support and defend Cuba and the Cuban Communist Party.

However, anti-imperialist struggles are not always led by and for the workers. Sometimes, as we have seen, resistance to imperialism is led by reformist political forces that are pro-capitalist, even reactionary (racist and xenophobic), the opposite of all that socialists believe in. What stand should we take when Biden mobilizes the U.S. Army and Navy, the Air Force and Marines, and NATO, then sends billions in weapons and ammunition to Ukraine for war on Russia to enforce, in his words, a civilizing “rules-based [Western] international order” against the “evil” Putin?

Before World War One, socialists in the Second International opposed the imperialist war against the reactionary monarchy of China as a colonialist war of aggression. But the right wing of the Second International began to argue that imperialism had a civilizing mission. They claimed that Western capitalism was bringing “Western civilization” to the “uncivilized nations” (forgetting that the brutality of Western capitalism, colonization, enslavement, and exploitation is the most uncivilized force ever seen in history). They said those countries must go through a stage of capitalism and become “Western civilized.”

A majority of the leaders of the Second International rejected this. However, the openly pro-imperialist, pro-colonial, racist right-wing Social Democrats who supported the “civilizing mission” of imperialism were tolerated as a legitimate current within the Second International.

Later, the whole Second International was ripped apart as various sections of the International supported their own imperialist governments against other imperialist governments. After this occurred, Lenin and his supporters concluded that the Third International they were trying to build would have to exclude such racist, pro-imperialist, pro-colonial forces.

Uniting two revolutionary currents

Lenin's pamphlet on imperialism connects two revolutionary currents: the proletarian revolution in imperialist countries and the anti-imperialist

liberation struggles in colonized nations.

Rather than being separate, unequal events, Lenin shows they are interdependent; they are linked.

Imperialism is global, making the world revolutionary process also global. Lenin's analysis extended Marxism from being a theory of the proletarian revolution in the advanced capitalist countries to a theory of world revolution.

Lenin wrote in another document that the Communist International's entire policy should rest primarily on a closer union of the proletarians in the imperialist countries and the oppressed masses of all countries for a joint revolutionary struggle to overthrow the landowners and the ruling class. (Thus, the slogan "Workers and oppressed peoples of the world unite!") That unity alone can guarantee victory over capitalism.

Socialism is now the goal of all revolutions, no matter where they occur. As for why the Second International collapsed, Lenin answered based on an earlier suggestion by Frederick Engels that a "labor aristocracy" had risen in the imperialist countries that were "bribed" from imperialist super-profits.

At that time, the U.S. was an emerging imperialist power. As a settler state, its colonies were internal, starting with the brutal subjugation and genocide of the Indigenous population and the enslaved African American colony.

Following enslavement, African Americans were forced to sell their labor power at a considerably cheaper price than the white workers and, therefore, perform extra unpaid labor compared to white workers. This extra unpaid labor created a profit above and beyond the average rate of profit, the super-profit that was partially shared with a privileged, segregated labor aristocracy, particularly the labor leaders and politicians.

This is the material basis for the widespread racism among white workers that has so weakened the U.S. working class and the labor unions. The U.S. has also attracted many immigrants from countries around the world who are also super-exploited. Among the most super-exploited were the immigrants from China starting in the late 1800s. The various immigrant communities, in some cases, have served as what amounted to "internal colonies" that produced extra surplus value.

That's why the fight against racism, against national oppression, for Black and Brown liberation, for gender liberation, and for international working-class solidarity is paramount in the struggle for socialism.

U.S. funds war, takes over Ukraine assets



A 2019 rally against plans to lift the moratorium on agricultural land sales, eagerly awaited by Wall Street's BlackRock hedge fund but opposed by Ukrainians. The sign reads, 'No to sales of Ukrainian land.'

The U.S. is funding a proxy war against Russia – Congress has - approved \$113 billion for Ukraine – seizing Ukraine’s assets in the process.

The U.S. is spending \$2.5 billion per month just on weaponry in Ukraine, which is seven times what was spent on weaponry in Afghanistan at its height, according to Special Inspector General for Afghanistan Reconstruction John Sopko speaking on NPR August 17.

The Obama administration helped overthrow Ukraine’s elected president in February 2014 and installed a far-right regime loyal to Washington. At the time, Joe Biden was the Obama administration’s point man on Ukraine. He visited the country more than half a dozen times from 2014 to 2016.

Beginning in 2014, Joe Biden’s son Hunter served on the board of a Ukrainian energy company, Burisma. Hunter was paid “as much as \$50,000 per month,” according to the New York Times. Burisma was under investigation by a Ukrainian prosecutor, Viktor Shokin, for corruption. NPR reported in 2018:

“At an event at the Council on Foreign Relations in 2018, Biden said that on one of his many trips to Ukraine, he told the country’s leaders that they had to get rid of the prosecutor if they wanted \$1 billion in U.S. aid.”

On Aug. 11, 2023, Attorney General Merrick Garland appointed U.S. - Attorney David Weiss as special counsel to lead an investigation into - Hunter Biden.

Donald Trump says this shows Joe Biden committed corruption in Ukraine. Trump wants to dig up dirt on Biden for political purposes, but he is not and has never been against corruption. Corruption is Trump’s mode of operating.

Trump used his position as president to enrich himself and his family personally. For example, he stayed at his own hotels while on official business, which cost millions (much more than \$50,000 a month). He also used his office to promote his own businesses, such as his Trump Organization.

In addition, Trump engaged in a more general, broader pattern of corruption. For example, he has been accused of making deals with foreign

governments that benefited him personally, and he used his power as president to silence any complaints.

U.S. finance capital takes over

Meanwhile, U.S.-based finance capital really has taken Ukraine's assets. "Your money is not charity, it's an investment." That's what Ukrainian President Volodymyr Zelensky said in his address to the U.S. Congress while visiting Washington on Dec. 21, 2022.

John Parker reported in *Struggle-La Lucha*:

"The trajectory of the latest vampiric deals of the foreign investors was set in November when Zelensky signed over even more of his country's sovereignty to a U.S. firm that will help broker the deals of the International Monetary Fund (IMF) and independent foreign investors.

"BlackRock Financial Markets Advisory and the Ukrainian Ministry of Economy signed a memorandum of understanding in November. According to President Zelensky's official website: "In accordance with the preliminary agreements struck earlier this year between the Head of State and Larry Fink, the BlackRock team has been working for several months on a project to advise the Ukrainian government on how to structure the country's reconstruction funds."

A report on the takeover of Ukraine's agricultural land by the Oakland Institute published in 2023 says:

The war in Ukraine has been at the center stage of foreign policy and media reports since February 2022. Little attention, however, has been given to a major issue, which is at the core of the conflict – who controls the agricultural land in the country known as the "breadbasket of - Europe?" ...

"War and Theft: The Takeover of Ukraine's Agricultural Land" exposes the financial interests and the dynamics at play leading to further concentration of land and finance.

The total amount of land controlled by oligarchs, corrupt individuals, and large agribusinesses is over nine million hectares – exceeding 28% of Ukraine's arable land. The largest landholders are a mix of Ukrainian oligarchs and foreign interests – mostly European and North American...

Several agribusinesses, still largely controlled by oligarchs, have opened up to Western banks and investment funds – including prominent ones such as Kopernik, BNP, or Vanguard – who now control part of their shares. Most of the large landholders are substantially indebted to Western funds and institutions, notably the European Bank for Reconstruction and Development (EBRD) and the World Bank.

Western financing to Ukraine in recent years has been tied to a drastic structural adjustment program that has required austerity and privatization measures, including the creation of a land market for the sale of agricultural land. President Zelensky put the land reform into law in 2020 against the will of the vast majority of the population who feared it would exacerbate corruption and reinforce control by powerful interests in the agricultural sector. Findings of the report concur with these concerns. While large landholders are securing massive financing from Western financial institutions, Ukrainian farmers – essential for ensuring domestic food supply – receive virtually no support. With the land market in place, amidst high economic stress and war, this difference of treatment will lead to more land consolidation by large agribusinesses.

The report also sounds the alarm that Ukraine’s crippling debt is being used as a leverage by the financial institutions to drive post-war reconstruction towards further privatization and liberalization reforms in several sectors, including agriculture.

This is imperialism

Few would dispute that the war in Ukraine is an imperialist war, but the term is often distorted or misapplied.

Lenin’s book “Imperialism, the Highest Stage of Capitalism” is one of the most well-known and influential works on imperialism. It has been translated into many languages and read by millions of people around the world.

In it, Lenin sought to explain the economic roots of World War I and the roots of the split in the international labor and socialist movement, what was then called the Second International.

The Second International was shattered by the outbreak of the 1914 - imperialist war. The international socialist movement had pledged to -

oppose imperialist wars and to oppose their own capitalists. But when the war erupted, many parties in the Second International failed to do that and supported their own capitalists' imperialist war efforts.

The subtitle for Lenin's "Imperialism" is "A Popular Outline." It wasn't intended to be a scholarly work. It was meant for a broad audience, the anti-war movement of the time who wanted to understand the war and how to stop it.

The war split the Second International into three factions: the pro-war social democratic parties in the Central Powers (Germany, Austria-Hungary, the Ottoman Empire, and Bulgaria), the pro-war parties of the Triple Entente (France, Britain, Russia, the United States, Italy, and Japan) and the Zimmerwald movement made up of various anti-war pacifist or revolutionary socialist parties.

In the Zimmerwald movement, the pacifists wanted to restore the Second International, something that never happened. The revolutionary socialists wanted to build a new Third International. That happened.

Lenin's book is still a fundamental source for understanding imperialism, capitalism, and war.

In "Socialism and War," Lenin wrote: "Capitalism has developed concentration to such a degree that whole branches of industry have been seized by syndicates, trusts, and associations of capitalist billionaires, and almost the entire globe has been divided up among the 'lords of capital,' - either in the form of colonies or by enmeshing other countries in thousands of threads of financial exploitation. Free trade and competition have been superseded by the striving for monopoly, for the seizure of territory for the investment of capital, for the export of raw materials from them, and so forth. From the liberator of nations that capitalism was in the struggle against feudalism, imperialist capitalism has become the greatest oppressor of nations. Formerly progressive, capitalism has become reactionary; it has developed the forces of production to such a degree that mankind is faced with the alternative of going over to Socialism or of suffering years and even decades of armed struggle between the 'great powers' for the artificial preservation of capitalism by means of colonies, monopolies, privileges and national oppression of every kind."

Five key features of imperialism



Vladimir Lenin, the revolutionary leader of the Soviet Union and a key contributor to Marxist theory, outlined his theory of imperialism in “Imperialism, the Highest Stage of Capitalism,” published in 1916. In this work, he identified five key features of imperialism in the early 20th century:

1. **The concentration of capital and production:** Capitalism had reached a stage where large corporations and financial institutions were becoming dominant, leading to the concentration of production and capital in a few powerful monopolies. These monopolies played a decisive role in economic life.
2. **Finance capital:** The merging of industrial capital with banking capital and the creation on this basis of a “finance capital,” a financial oligarchy. This combination allowed financial institutions to exert significant control over the economy as well as the government.
3. **Export of capital:** Capitalists had been exporting goods. In the age of imperialism, there is added to this the massive export of capital itself.
4. **Monopoly and cartels:** The emergence of powerful international capitalist monopolies, cartels, syndicates, and trusts that divided the world among themselves.
5. **Division of the world among the biggest capitalist powers:** Lenin noted that the world had been divided into distinct spheres of influence and control among the major imperialist powers. These powers competed for dominance over colonies and territories, leading to conflicts and tensions that ultimately contributed to wars like World War I.

Do Lenin’s defining features of imperialism hold up today?

1. Concentration of capital and production

Feature number 1 is accepted as a fact of life by almost everyone. The concentration of capital and production has been a central feature of capitalism since its inception.

This tendency has only accelerated in recent decades. For example, the top 1% in the United States now own more wealth than the bottom 90% combined. According to a 2020 report by Oxfam, the world’s 2,153 billionaires now own more wealth than the bottom 4.6 billion people combined. The level of inequality is staggering.

A handful of monopolies dominate the entire economy. The top 10 of the Fortune 500 – Walmart, Amazon, Exxon Mobil, Apple, UnitedHealth, CVS, Berkshire Hathaway, Alphabet, McKesson, Chevron – controlled an estimated 20% of the U.S. economy in 2023. This is up from 18% in 2022 and 16% in 2021. The increasing concentration of economic power in the hands of a few large companies has been going on for decades

These monopolies have become the most powerful economic and political institutions. They control the main sources of raw materials, the main means of production, and the main means of communication. They dictate to the whole of society what to produce, how to produce it, and where to sell it.

Production is becoming increasingly planned and coordinated. This is happening even though capitalists often sing the praises of “competition.”

For example, supply chain management is a system for planning, coordinating, and controlling the flow of materials, information, and finances through a network of businesses. Joint ventures are agreements between two or more businesses to share resources and knowledge.

In reality, capitalists are relying on economic planning and coordination; production is socialized.

2. Finance capital

Finance capital is “capital controlled by banks and employed by industrialists,” which develops into the dominance of finance capital and the financial oligarchy that owns but does not manage finance capital or the real economy.

Finance capital is the ownership of great concentrations of stocks, bonds, and large bank deposits.

The countries that are richest in finance capital – not necessarily richest in industrial capital – are the imperialist countries that economically exploit all other capitalist countries.

One of the changes in monopoly capitalism since Lenin’s day is that individuals still owned and managed the great mass of corporate shares back then. Today, in contrast, most stocks, bonds, and other securities are managed by institutional investors such as bank-managed trust funds, pension funds, mutual funds, hedge funds, insurance companies, and money market funds. These institutions, in turn, are increasingly owned or

controlled by the few universal banks. In this way, “moneyed capital” is transformed into finance capital controlled by a few gigantic banking institutions.

A country can be poor in finance capital even if it is relatively rich in industrial capital. For example, many factories, mines, and large-scale capitalist farms might be located in such a country, making it rich in industrial capital.

While a century ago, the U.S. was very rich in industrial capital, today, globalization has considerably reduced the relative wealth of the U.S. in industrial capital. According to a 2017 report by the Economic Policy Institute, between 1997 and 2016, the U.S. lost an estimated 6.9 million manufacturing jobs, of which 2.8 million were due to offshoring, that is, moving manufacturing operations overseas where industry pays the lowest possible wage. Technological advances – automation and AI – have made producing goods with fewer workers possible, which has led to significant job loss in manufacturing industries. This deindustrialization represents a significant loss of production capacity in the U.S.

However, the U.S. remains on top of the world in finance capital.

Since the time when Lenin wrote “Imperialism,” centralization of bank capital has proceeded well beyond what it was then. In 1914, the two largest banking groups on Wall Street were the J.P. Morgan and Company (now JPMorgan Chase), and National City Bank of New York (now Citibank).

Today there are four megabanks towering over the U.S. economy: JPMorgan Chase (assets \$3.67 Trillion), Citigroup (assets \$2.3 Trillion), Bank of America (assets \$3.1 Trillion), and Wells Fargo (assets \$1.875 Trillion).

In addition, there is what is called the “shadow banking system,” which includes BlackRock, the largest asset manager in the world, as well as Goldman Sachs and Morgan Stanley. Shadow banks are not regulated and include hedge funds, private equity funds, mortgage lenders, and some large investment banks.

3. Export of capital

During the first phase of imperialism – the period analyzed by Lenin – the export of British capital was mostly to the settler states, mainly the United States, Canada, Australia, and New Zealand. A smaller portion of

British export capital was invested in other European countries, while only a small fraction was invested in the colonies of the Global South – India, Africa, and the Caribbean. The same pattern can be observed in the export of capital of France and Germany.

While the bulk of the capital exported by the imperialist powers following World War II was to other imperialist powers, a portion of the capital was invested in the colonized and neocolonial nations of the Global South. However, there was relatively little industrialization of the Global South countries.

Kwame Nkrumah wrote in 1965:

“In place of colonialism, as the main instrument of imperialism, we have today neocolonialism... [which] like colonialism, is an attempt to export the social conflicts of the capitalist countries... The result of neocolonialism is that foreign capital is used for the exploitation rather than for the development of the less developed parts of the world. Investment, under neocolonialism, increases, rather than decreases, the gap between the rich and the poor countries of the world. The struggle against neocolonialism is not aimed at excluding the capital of the developed world from operating in less developed countries. It is also dubious in consideration of the name given being strongly related to the concept of colonialism itself. It is aimed at preventing the financial power of the developed countries being used in such a way as to impoverish the less developed. (Kwame Nkrumah, “Introduction to Neocolonialism, The Last Stage of Imperialism”)

One key factor that influences where capitalists choose to invest their capital is the guarantee of their property rights and a military to enforce that. Capitalists are especially reluctant to invest large amounts of capital in countries that are not under their direct control since the danger is too great that they will lose their capital if these countries are seized by rival capitalist states or, worst of all, in the event of revolution.

An important factor that slowed down the industrial development of the countries of the Global South was that they became dumping grounds for commodities produced in the imperialist states. In “How Europe Underdeveloped Africa,” Walter Rodney explained:

“Europe exported to Africa goods which were already being produced and used in Europe itself – Dutch linen, Spanish iron, English pewter, Portuguese wines, French brandy, Venetian glass beads, German muskets,

etc. Europeans were also able to unload on the African continent goods which had become unsaleable in Europe. Thus, items like old sheets, cast-off uniforms, technologically outdated firearms, and lots of odds and ends found guaranteed markets in Africa. ...

“From the beginning, Europe assumed the power to make decisions within the international trading system. ... European decision-making power was exercised in selecting what Africa should [import and] export – in accordance with European needs.”

Therefore, the industrialization of Africa and all the Global South countries, including China, was primarily confined to the development of railroads, seaports, and the extraction industries.

However, the super-profits squeezed out of the working class of the colonized countries enabled the capitalists to realize super-profits above and beyond the average rate of profit. In various ways, the capitalists shared some of these super-profits with a portion of the working class in the imperialist countries. The upper layer of the workers who share in the super-profits of imperialism formed the base of the bureaucracies of the labor unions and the social democratic parties in Lenin’s time and since.

Lenin related the issue of the colonies to opportunism in the European workers’ movement:

“As a result of the extensive colonial policy, the European proletarian partly finds himself in a position when it is not his labor, but the labor of the practically enslaved natives in the colonies, that maintains the whole of society. The British bourgeoisie, for example, derives more profit from the many millions of the population of India and other colonies than from the British workers. In certain countries, this provides the material and economic basis for infecting the proletariat with colonial chauvinism. Of course, this may be only a temporary phenomenon, but the evil must nonetheless be clearly realized and its causes understood in order to be able to rally the proletariat of all countries for the struggle against such opportunism.”

The collapse of the Social Democratic leaders and the vote for war - credits by party members in the German Reichstag symbolized the - disastrous consequences of the victory of opportunism.

The dependency of the imperialist countries on the workers of the oppressed countries – those free of colonial rule but still economically

exploited and militarily threatened by the imperialist countries – has qualitatively increased.

The current stage of imperialism, where much of surplus value production has shifted from the imperialist countries to the oppressed nations – not just extracting super-profits in the Global South – is the most significant change in capitalism since the imperialist era began.

4. Trusts and cartels

The fourth feature, the formation of monopolist capitalist associations which share the world among themselves — is generally accepted as - descriptive of today's conditions when all large corporations operate on a multinational scale.

Lenin notes that capitalist monopolies take two basic forms: trusts and cartels.

The term “trust” was used in economics to refer to a large business - enterprise controlling a significant market share.

However, the term “trust” fell out of favor as antitrust laws were passed to break up these large monopolies. The term “giant corporation” is now more commonly used to refer to these large businesses.

In contrast to a trust, a cartel is not a single legal entity. A cartel is a formal agreement between independent capitalists to fix prices, limit production, or otherwise control the market for a particular good or service. Cartels are illegal in most countries but are still common in some industries.

A form of cartelization historically tolerated in the U.S. is the organization of cartels by organized crime in industries where capital was still relatively decentralized. For example, in New York City, the garment, construction, cement, garbage collection, and longshore industries were dominated by organized crime. Even pizzerias. These cartels were built by making offers to small capitalists that they “could not refuse.”

Donald Trump comes out of such a hotel and casino cartel in New York.

5. Imperialist division of the world

Feature number 5 of Lenin's definition of imperialism, the territorial - division of the whole world among capitalist powers, was completed around the turn of the 20th century. This is a statement of historical fact that is accepted by almost everyone.

By the end of the 19th century, the European powers had colonized most of the world. The United States and Japan also had significant colonial empires. This division of the world into spheres of influence was a major factor in the outbreak of World War I. The territorial division of the world was not static. Many wars and revolutions in the early 20th century led to changes. However, the basic division of the world into spheres of influence remained in place until after World War II.

The Russian Revolution of 1917 led to the establishment of the Soviet Union, which was the first socialist state in the world. The Soviet Union's withdrawal from the capitalist world system ended, however, in the 1990s as the result of the Russian bourgeois counterrevolution that restored - capitalism (but not the czarist feudal military empire).

However, the rest of the 20th century had more wars, revolutions, and counterrevolutions than any preceding century in recorded history. World War II signaled a turning point in world imperialist relations. The United States emerged from WWII as the world's most powerful imperialist country, gaining control of former European empires in Asia and Africa. The U.S. has engaged in a never-ending series of wars to maintain what the Cubans call "The Empire."

The U.S. is currently engaged in what is called to maintain its dominance. Hybrid warfare, as explained by Wikipedia, is a blend of conventional military actions with information warfare, cyber attacks, economic sanctions, political subversion, and other non-traditional means.

Today the U.S. is openly engaged in against Cuba, Venezuela, Iran, Zimbabwe, and North Korea, as well as Russia and China. There is more than that. The U.S. Africa Force, for example, has been engaged in military operations across Africa, including in Burkina Faso, Mali, Niger, Cameroon, Somalia, Libya, Djibouti, Uganda, Sudan, Rwanda, and Chad.

The United States operates a global network of military installations and is by far the largest operator of military bases in the world. Wikipedia says that the total number of foreign sites with installations and facilities that are either in active use and service or that may be activated and operated by U.S. military personnel and allies is just over 1,000.

The U.S. has over 240,000 active-duty and reserve troops in at least 172 countries and territories. Of those, some 40,000 are engaged in "classified missions," that is secret operations, according to the *New York Times*.

Japan, Hawaii, and South Korea have the biggest concentration of U.S. troops: 53,973 in Japan, 40,485 in Hawaii, and 25,372 in South Korea. The other big concentration is 35,781 in Germany.

NATO, the imperialist war machine

COUNTRY	IMPERIAL POSSESSIONS IN 1916
Britain	Canada, Australia, New Zealand, India, South Africa, Egypt, Sudan, Malaya, Hong Kong, and many others
France	Algeria, Tunisia, Morocco, Madagascar, Indochina, Haiti, Senegal, West Africa and many others
Germany	Cameroon, Togo, Namibia, Ghana, Tanganyika, Burundi, Rwanda, and many others
Russia	Siberia, Central Asia, and parts of Eastern Europe
Austria	Hungary, Bohemia, Galicia, Bukovina, Bosnia and Herzegovina
Italy	Libya, Eritrea, and Somalia
Japan	Taiwan, Manchuria, Korea, Micronesia and the southern half of Sakhalin Island
United States	Philippines, Puerto Rico, Guam, Hawaii, Samoa, Territory of Alaska

When Lenin wrote his pamphlet “Imperialism, the Highest Stage of Capitalism” in 1916, the world had a handful of imperialist countries, including the United States, Britain, France, Germany, and Japan. Britain was the leading imperialist power, the empire on which the sun never set.

Since 1945, world capitalism has been politically and militarily dominated by the U.S. empire.

Historian Daniel Immerwahr says in “How the U.S. has hidden its empire”: “The years since the second world war have brought the U.S. military to country after country. The big wars are well-known: Korea, Vietnam, Iraq, Afghanistan. But there has also been a constant stream of smaller engagements. Since 1945, U.S. armed forces have been deployed abroad for conflicts or potential conflicts 211 times in 67 countries. Call it peacekeeping if you want, or call it imperialism. ...

“One of the truly distinctive features of the U.S. empire is how - persistently ignored it has been. This is, it is worth emphasizing, unique. The British weren’t confused as to whether there was a British empire. They had a holiday, Empire Day, to celebrate it. France didn’t forget that Algeria was French. It is only the U.S. that has suffered from chronic - confusion about its own borders.”

The relationship between the imperialist powers has changed since 1914, but the list of imperialist capitalist powers hasn’t changed much. The United States is the dominant imperialist power with Britain, Germany, France, and Japan as satellite imperialists. They made up the Group of Five, and now the G7, which includes Canada and Italy.

The change in imperialist relations can be summed up with one word: NATO.

Unlike in 1914, there is one military machine that dominates the imperialist world. The U.S.-commanded military alliance called the North Atlantic Treaty Organization – NATO – includes the armed forces of the U.S. and all other countries in the alliance, including Britain, Germany, and France.

NATO also includes the armed forces of the “lesser” imperialist countries such as Canada and Italy (the G7 countries) and some smaller countries in Western Europe and now Eastern Europe.

Japan is a partner in NATO through the Individually Tailored Partnership Programme (ITPP) agreement. Japan participates in NATO exercises and training programs, and provides financial support to most NATO operations.

The United States had a double purpose when it created NATO in 1949. The first was to threaten the Soviet Union and its new Eastern European allies and, if necessary, put down any revolutionary movement in Western Europe. The communist parties in France, Italy, Spain, Greece, and Portugal were widely popular.

The second purpose was to ensure that neither Germany nor any other European power would challenge U.S. domination. For propaganda during the Cold War, the U.S. claimed its military forces in Europe were necessary to defend these countries against a possible Soviet attack. The last thing the Soviet Union, which had lost more than 27 million people in World War II, would have considered was a military offensive into Western Europe.

NATO's purpose

The purpose of NATO became apparent after the Soviet Union was destroyed under the Gorbachev regime between 1985 and 1991. While the Warsaw Pact – the defensive alliance formed by the Soviet Union in 1955 – was abolished, NATO was not. Instead, the U.S. swallowed the Soviet Union's former Eastern European allies and some of the former Soviet Republics into NATO.

The only former Soviet or Soviet-allied countries in Europe that are not now part of NATO are Moldova, Belarus, and Ukraine.

Even though Russia is now capitalist and thus represents no socialist threat to any existing capitalist nation, the U.S. has been tightening its - encirclement of Russia through NATO. The goal is to transform Russia, with its vast natural wealth, into a semi-colony of the U.S.

The U.S./NATO proxy war in Ukraine is about the drive of U.S. imperialism to bring Russia's and Ukraine's colossal wealth in natural resources under its control. Both countries are rich in farmland and raw materials such as ores. Already, much of Ukraine's have been taken over by U.S. finance capital. Russian capitalists are fighting to maintain control of their own natural resources.

U.S. domination of Germany, Japan

The U.S. now has the most expensive military in history. No country even comes close to the U.S. global dominance. The Pentagon's budget for "defense" in 2023 exceeds that of the next 10 countries (mostly NATO allies) combined.

So why does the U.S. have its largest military occupations in Germany and Japan? There is only one real reason — to ensure the defeated Axis powers remain U.S. satellites.

However, unlike after World War I, the U.S. did not throttle the capitalists of Germany and Japan. The World War I Treaty of Versailles attempted to squeeze the costs of the war out of Germany, which essentially destroyed the German economy.

NATO war on Yugoslavia

NATO has undertaken eight military actions, all since 1990. The alliance did not undertake any military operations during the Cold War. Since 1990, NATO has engaged in two actions related to the first Gulf War, two in the former Yugoslavia, and military operations in Afghanistan, Iraq, Somalia, and Libya.

The NATO war on Yugoslavia in 1999 asserted NATO's domination of the Balkans. The war was NATO showing other countries of Eastern Europe and the former Soviet republics that it is the dominant power.

The 78-day-long aerial bombing campaign, using more than a thousand aircraft, dropped more than 3,000 cruise missiles and about 80,000 tons of bombs. More than 3,000 people were killed, and up to 20,000 were - seriously injured.

NATO did not seek the approval of the United Nations Security Council for the bombing campaign or any other international legal cover; it was openly a war crime, not unlike the Nazi aerial bombing of Guernica during the Spanish Civil War.

NATO war on Libya

In 2011, NATO bombed Libya and overthrew its government. NATO's war in Libya was its first major military operation in Africa. NATO bombed Libya 9,600 times over seven months.

The war against Libya was part of an effort by the U.S. and its satellite imperialist allies, especially Britain and France, to crush the Arab Spring uprising.

The anti-government protests, uprisings, and armed rebellions began in Tunisia and then spread to five other countries: Libya, Egypt, Yemen, Syria, and Bahrain.

NATO and the U.S. military-industrial complex

As *Forbes magazine* gleefully reported in May, the expansion of NATO has opened up a big new market for U.S. military-industrial complex defense contractors. It's "a big win for Raytheon, Lockheed Martin, and Northrop Grumman.

"NATO membership means a significant increase in each country's military spending. Finland joined NATO on April 4, 2023, and ordered 64 new F-35 warplanes, the elite joint strike fighter developed by Lockheed Martin, Northrop Grumman and BAE Systems (BAESY). Each one will cost between \$110 million and \$135.8 million.

Forbes adds: "More importantly, aligning with NATO is a commitment to interoperability with the American defense ecosystem. This directly benefits the big U.S. contractors. The market for their goods is expanding and they will face no competition for the foreseeable future. ...

"The F-35-ification of European armies might be a bigger deal, though. In addition to the cost of the units, corresponding ground support, spare parts and maintenance, there is a lock-in factor. Europe is now committed to America-made gear for decades to come."

Imperialism and the new Cold War



www.visualcapitalist.com/u-s-military-spending-vs-other-top-countries/

In a 1917 preface to “Imperialism, the Highest Stage of Capitalism,” - Vladimir Lenin says,

“I trust that this pamphlet will help the reader to understand the fundamental economic question, that of the economic essence of imperialism, for unless this is studied, it will be impossible to understand and appraise modern war and modern politics.”

Lenin summarizes in a 1920 preface: “Capitalism has grown into a world system of colonial oppression and of the financial strangulation of the overwhelming majority of the population of the world by a handful of ‘advanced’ countries. And this ‘booty’ is shared between two or three powerful world plunderers armed to the teeth (America, Great Britain, Japan), who are drawing the whole world into their war over the division of their booty.”

Today, the biggest difference is that there is a single dominant imperialist power, the United States.

As the top “superpower” after World War II, the U.S. imposed the dollar as the world’s reserve currency when the Bretton Woods system was established in 1944. At the height of its power, Great Britain was also a major imperial power. However, it never achieved the same dominance in the global economy as the United States today. The British pound was never the world’s reserve currency.

The fact that the dollar is the world’s reserve currency means it is used to price all essential commodities, such as oil. This gives the United States a dominant role over the global oil market, for example. Additionally, the bulk of the world’s debts are also denominated in dollars. This means that countries that owe money must pay in dollars.

The Council on Foreign Relations says in its report on “The Future of Dollar Hegemony” that “almost 60% of global foreign exchange reserves are held in dollars, with the euro a distant second at around 20%. Around 90% of transactions in foreign exchange markets are invoiced in dollars, as is half of international trade.”

The dollarization of the world capitalist economy meant U.S. domination of the global economy. The U.S. Federal Reserve System controls the supply of U.S. dollars. The U.S. Federal Reserve System is, in effect, the

world's central bank. Indeed, most U.S. currency – green dollar bills – circulate outside the U.S.

IMF and World Bank

The International Monetary Fund (IMF) and the World Bank are two other institutions closely associated with the dollar system. The IMF was created in 1944 at the Bretton Woods Conference, along with the World Bank.

The IMF provides short-term loans to countries facing severe short-term liquidity crises. The World Bank provides long-term loans to countries for major infrastructure projects.

The IMF and World Bank usually impose harsh austerity measures on countries that borrow from them. They promote policies that benefit wealthy countries at the expense of developing countries. Also, they tend to fund projects with negative environmental and social impacts. For example, the World Bank funds projects that have led to deforestation and to the displacement of Indigenous peoples.

BRICS is a grouping of the world economies of Brazil, Russia, India, - China, and South Africa formed in 2006. In Johannesburg, South Africa, on Aug. 24, 2023, the BRICS group of nations announced the addition of Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates.

The BRICS countries have created some alternatives to the IMF and World Bank, including the New Development Bank (NDB) and the - Contingent Reserve Arrangement (CRA).

The NDB provides financial and technical assistance for infrastructure and sustainable development projects in BRICS and other emerging and developing economies. The CRA is a financial safety net that BRICS countries can use to deal with balance of payments crises. The CRA is designed to reduce member countries' dependence on the IMF and other external sources for financial assistance during times of economic stress.

However, the BRICS countries have yet to be able to offer a viable alternative to the U.S. dollar as a world currency.

The BRICS countries have been working to reduce their reliance on the U.S. dollar by increasing their use of each other's currencies in trade. There

have been proposals to price key commodities like oil in a basket of currencies, including the Chinese yuan, but the dollar is still the primary pricing mechanism.

The military arm

Just as important as the dollar system is the military arm of the U.S. world empire.

The U.S. military budget was \$877 billion in 2022, according to the Stockholm International Peace Research Institute (SIPRI), which is more than the combined military budgets of China, Russia, India, Saudi Arabia, Britain, Germany, France, South Korea, Japan, and Ukraine. The SIPRI - figure does not include the CIA's military budget, the Department of - Energy's nuclear armaments, or countless other hidden and covert military agencies and operations in the U.S.

The Pentagon has more than 750 bases in more than 80 countries. The largest number of U.S. bases are located in Japan (120), Germany (119), and South Korea (73).

In addition, NATO acts as a military arm of the U.S. empire. The heavy costs of NATO membership require countries to fund U.S. military expansion.

The post-Cold War expansion of NATO has incorporated nine countries that were allies of the Soviet Union or former Soviet republics.

NATO members are expected to spend at least 2% of GDP on "defense" spending. For most countries, meeting this threshold requires a substantial increase in military budgets at a significant financial cost. NATO members are expected to contribute troops and resources to NATO missions. There are human and material costs to participating in operations like Afghanistan.

The combined military expenditure of NATO members was approximately \$1.26 trillion in 2023. NATO armaments must be compatible with U.S. weapon systems, which means NATO members mostly purchase U.S.-made arms.

Following the collapse of the Soviet Union, NATO's role changed. NATO has been involved in many U.S.-commanded military interventions since 1991.

- U.S. Army General Wesley Clark commanded NATO's 78-day-long aerial bombing war on Yugoslavia in 1999;
- U.S. launched its war on war on Afghanistan in 2001 as a NATO operation;
- Secretary of State Hillary Clinton and Secretary of Defense Robert M. Gates directed NATO's seven-month bombing war on Libya in 2011;
- The U.S. and NATO are engaged in a proxy war in Ukraine against Russia, providing billions of dollars in military aid, including weapons, ammunition, and training, and building major troop deployments in Poland, Romania, the Baltic states, and other countries surrounding Russia. NATO has also activated its rapid response force, a multinational force of around 40,000 troops.

Colonialism and neocolonialism

Central to Lenin's analysis of imperialism was the expansive growth of colonialism in the second half of the 19th century and the first decades of the 20th century.

The imperialist powers acquired colonies to secure sources of raw - materials, markets for manufactured goods, and investment opportunities. Also, the imperialist powers used their control of colonies to exploit the labor of the colonized peoples.

Lenin's analysis was essential in the development of anti-colonial movements around the world. It explained the causes of colonialism and the need for liberation from capitalist imperialism.

One difference between imperialism in 1914 and today is the change from colonialism to neocolonialism.

In his 1965 book "Neocolonialism: The Last Stage of Imperialism," - Ghanaian President Kwame Nkrumah defined neocolonialism as the - continued economic and cultural influence of the old imperial powers and other Western nations over their former colonies after the end of overt political control and formal colonialism. Power is no longer exerted directly through colonial rule and governors but indirectly through economic and cultural policies that benefit the interests of Western corporations and nations.

The global class war

The Soviet Red Army liberated many countries in Eastern Europe from fascism at the end of World War II, including Poland, Estonia, Lithuania, Latvia, Ukraine, Czechoslovakia, Bulgaria, Romania, Austria, Hungary, Albania, and the eastern half of Germany. The Yugoslav communists led by Josip Broz Tito also liberated Yugoslavia.

The Soviet Union emerged as the second-strongest world power after World War II.

Asia became the center of communist-led revolutions. In Hanoi on Sept. 2, 1945, the Viet Minh (led by Ho Chi Minh and Vietnam's communist party) established the Democratic Republic of Vietnam. On Sept. 9, 1948, the Korean communists, led by Kim Il Sung, established the Democratic People's Republic of Korea.

The Communist Party of China, led by Mao Zedong, guided a successful revolution against the ruling Nationalist Party (KMT) in October 1949, establishing the People's Republic of China.

Once Chinese communists took power, two-fifths of the world's population were in countries ruled by communist parties.

The flames of communist-inspired revolution and national liberation movements swept Africa, Asia, Latin America, and the Middle East.

The Laotian civil war began in 1954 and lasted until 1975. The war - ended with the victory of the communist Pathet Lao and the establishment of the Lao People's Democratic Republic. The Cambodian civil war began in 1967 and lasted until 1975.

The Indian independence movement achieved independence from British rule in 1947. The uprising of the Kenya Land and Freedom Army (labeled the Mau Mau by British authorities) from 1952 to 1960 led to Kenya's independence in 1963.

The Algerian Revolution of 1954-1962 was led by the National Liberation Front (FLN). The revolution overthrew the French colonial government and established the independent Republic of Algeria.

The Cuban Revolution (1953-1959), led by Fidel Castro and the 26th of July Movement, which later became the Communist Party of Cuba, - established the socialist Republic of Cuba.

Africa

Anti-imperialist national liberation movements swept Africa.

- Frente de Libertação de Moçambique (FRELIMO) fought against Portuguese rule in Mozambique and achieved independence in 1975.
- African National Congress (ANC) fought South African apartheid and was victorious in 1994, led by Nelson Mandela.
- Zimbabwe African National Union (ZANU) achieved independence in 1980, with Robert Mugabe as the founding leader.
- The MPLA fought against Portuguese rule in Angola. Led by Agostinho Neto, independence was won in 1975.
- SWAPO is a socialist party that fought against South African rule in Namibia, winning independence in 1990.
- The socialist Guinea-Bissau African Party for Independence of Guinea and Cape Verde (PAIGC), led by Amílcar Cabral, fought against - Portuguese rule in Guinea-Bissau and Cape Verde and achieved independence in 1974 and 1975, respectively.
- The Ethiopian Revolution (1975 to 1991) founded the People's Democratic Republic of Ethiopia, led by Mengistu Haile Mariam of the Workers' Party of Ethiopia.
- Thomas Sankara and Blaise Compaoré led the August Revolution in Burkina Faso. Sankara was a revolutionary inspired by Cuba's Fidel - Castro and Che Guevara.

The Philippines

Led by the Communist Party of the Philippines (founded by Jose Maria Sison in 1968), the New People's Army liberation war is the world's - longest-ongoing communist insurgency.

Indonesia

In 1964, Indonesia had the largest communist party outside of the socialist countries. Its membership was over three million, and there were estimated to be between 15 and 20 million active supporters.

The government of President Sukarno pursued a militantly anti-imperialist foreign policy. A right-wing military coup put General Suharto

into power with the aid of the CIA.

As Wikipedia puts it, “The U.S. was very much involved with providing money, weapons, radios, and supplies. ... The U.S. government, along with the CIA, provided death lists with names of leftist public leaders with the intent to eliminate them.” Some two million were slaughtered.

Central America, South America, and the Caribbean

There have been many revolutionary liberation movements in Central and South America from 1945 to 2020. In addition to the victorious - revolution in Cuba, there was the Sandinista Revolution in Nicaragua and the Bolivarian Revolution in Venezuela, led by Hugo Chavez. The New Jewel Movement’s People’s Revolutionary Government in Grenada was crushed by a U.S. military invasion in 1983.

From 1945 to 2020, revolutionary movements fought in Haiti, El - Salvador, Peru, Colombia, Argentina, Chile, Bolivia, Puerto Rico, the - Dominican Republic, Bolivia, Uruguay, and Paraguay.

The Non-Aligned Movement

The Bandung Conference was a meeting of Asian and African leaders held in Bandung, Indonesia, from April 18 to 24, 1955. The conference was organized by Indonesia, Burma (Myanmar), India, Ceylon (Sri Lanka), and Pakistan and was attended by 29 countries, most of which had recently gained independence from colonial rule. The conference’s goals were to promote economic and cultural cooperation and to oppose colonialism or neocolonialism by any nation.

The Bandung Conference paved the way for founding the Non-Aligned Movement (NAM) in 1961. The founders of the NAM were Sukarno of Indonesia, Jawaharlal Nehru of India, Josip Broz Tito of Yugoslavia, Gamal Abdul Nasser of Egypt, and Kwame Nkrumah of Ghana. The NAM goals included the fight against colonialism and neocolonialism.

In his speech at the BRICS summit, South Africa’s President Cyril - Ramaphosa compared the bloc to the 1955 Bandung Conference, which was organized to oppose colonialism.

“When reflecting on the purpose and role of BRICS in the world today, we recall the Bandung Conference of 1955, where Asian and African -

nations demanded a greater voice for developing countries in world affairs,” he said.

“We still share that common vision,” Ramaphosa added. “Through the 15th BRICS Summit and this dialogue, we should strive to advance the Bandung spirit of unity, friendship, and cooperation.”

The Cold War

On April 16, 1947, Bernard Baruch, a multimillionaire financier and “adviser” to presidents from Woodrow Wilson to Harry S. Truman, coined the term “Cold War.” In a speech to the South Carolina House of Representatives, Baruch said: “Let us not be deceived; we are today in the midst of a Cold War. Our enemies are to be found abroad and at home.”

The Cold War was different. Instead of inter-imperialist rivalries that had wracked the globe with two world wars and countless other smaller wars, this was a war of the imperialist powers, led by the United States, against the USSR, the socialist countries in Eastern Europe, China, Korea, Vietnam, Cuba and so on. It was a class war between imperialism and socialism.

The overturn of the USSR

The Cold War ended with the overturn of the USSR. And with that, the nature of neocolonialism changed.

Before 1991, the existence of a socialist camp made it possible for the neocolonial countries to resist neocolonial rule and win a greater degree of political independence without completely overthrowing the neo-colonial economic bonds. The latter was only possible if a country joined the - socialist bloc – as Cuba did in 1960.

The existence of the socialist camp headed by the Soviet Union gave life to the slogan: Workers and oppressed peoples of the world unite!

The “Communist Manifesto” concludes, “Workers of the world, unite!” which was amended by the Communist International in 1920 at the - Congress of the Peoples of the East in Baku, Azerbaijan, to “Workers of the world and oppressed peoples, unite!” to reflect the changed character of capitalism, the transformation into monopoly capitalism and imperialism.

The Chinese Revolution enjoyed the support of the Soviet Union, and Vietnam greatly benefited from the support of the socialist bloc during both

the French and U.S. wars.

Cuba's heroic role in the Battle of Cuito Cuanavale is the most outstanding example of revolutionary internationalism. In the spring of 1988, the armed forces of apartheid South Africa and the U.S.-backed mercenaries of Jonas Savimbi were defeated by the combined force of the Cuban military, the Angolan army, and the military units of the liberation movements of South Africa and Namibia. This led directly to the independence of Namibia and then to the fall of the apartheid regime in South Africa itself.

The collapse of the USSR ended this international solidarity and broke up the socialist camp. It's like when workers are on strike, walking the picket line, and the labor union backing the strikers collapses. The strike can continue, but it's hard without a central organization for the workers.

When Lenin was writing his pamphlet on imperialism, his biggest political challenge was the collapse of the Second International in August 1914. As a supplement to the pamphlet, he included the Basel Manifesto of 1912, "which speaks precisely, clearly, and definitely of the connection between that impending war and the proletarian revolution."

If war were to break out, the working class must utilize the economic and political crisis not merely to end the war but to rouse the people and thereby hasten the downfall of capitalist rule.

The failure of the Second International when confronted with the imperialist world war represented the collapse of the hopes of an entire revolutionary generation.

The only other event in the history of the workers' movement that - compares - and exceeds - is the betrayal by the USSR's Gorbachev leadership and the collapse of the Soviet Union.

The counterrevolutionary destruction of the Soviet Union resulted from a long retreat by the Soviet leadership in the face of the tremendous power of U.S. imperialism.

Today, the former socialist countries of Eastern Europe and some former Soviet socialist republics are members of NATO.

The anti-imperialist national liberation struggle has never ended, though it has been set back by the collapse of the Soviet Union and the socialist camp.

On July 26, 2023, a military coup ousted Niger president Mohamed - Bazoum. This followed recent coups in Burkina Faso, Guinea-Conakry, Mali, and Chad. These countries are bound together by the Sahel, a semi-arid region on the Sahara desert's edge stretching from the Atlantic Ocean in the west to the Red Sea in the east.

France has been the neocolonial power in the Sahel, with the U.S. also deeply involved. The biggest U.S. military drone base in Africa is in Niger.

Reports indicate that the coup has the support of the people, with many mass demonstrations in Niger's capital city Niamey against the oppressive neocolonial conditions.

The new Cold War

The Cold War was a class war between two irreconcilable social systems – imperialist capitalism and socialism. It was called cold because there wasn't an outright military war. In form, it's more like what today is called a hybrid war, including extensive covert operations, economic sanctions, cyber warfare, and heavy propaganda (the Pentagon says specifically that the use of mass communications for propaganda is in its hybrid war arsenal).

U.S. sanctions are economic warfare. Though the Cold War may have ended, the U.S. has continued its war on Cuba with a blockade and - economic sanctions.

The U.S. sanctions war also includes Venezuela, Iran, Zimbabwe, North Korea, Nicaragua, Syria, and Yemen. Other countries subject to U.S. sanctions include China, Russia, Belarus, Myanmar, Lebanon, Libya, Mali, Somalia, Sudan, South Sudan, Congo, Eritrea, Burundi, Afghanistan, and Turkmenistan.

The current economic, diplomatic, political, and military conflict - between the United States and China is often called the "new Cold War."

The United States has long sought to overthrow socialism in China. This effort intensified after the collapse of the Soviet Union and the socialist camp, as the United States saw China as the last major socialist country in the world.

Countries like China are identified as socialist, but they are still in the process of developing their socialist systems. The revolutions in these

countries laid the foundations for socialism, but they have faced many obstacles, including imperialist blockade, war, and subversion.

The new Cold War against China, a class war, is U.S. imperialism's response to China's great technological advances.

China's advances have the potential to strengthen its socialist foundations. The Guardian reports: "China leads in 37 of 44 technologies tracked in a year-long project by thinktank the Australian Strategic Policy Institute. The fields include electric batteries, hypersonics, and advanced radio-frequency communications such as 5G and 6G."

Socialist China has lifted hundreds of millions of people out of poverty. According to a 2019 World Bank report, the number of people living in extreme poverty in China fell from 770 million in 1990 to 5.5 million in 2015. This represents a decline of 99%.

The United Nations says that China is responsible for more than 70% of the global decline in poverty since 1990. This is a remarkable achievement, never seen before in world history.

China's universities have played a role in reducing poverty. China is training more engineers and researchers than the U.S. and Europe combined. They have graduated millions of engineers, scientists, and technicians, who have helped to drive economic growth and create jobs.

Marx said that society advances with the development of productive forces through technology. "The hand-mill gives you society with the feudal lord; the steam-mill society with the industrial capitalist." ("The Poverty of Philosophy," 1847)

Today, the revolution in high technology lays the basis for the workers and oppressed peoples to overthrow imperialist rule and organize a system of international socialism.

Low-wage workers of the world, unite!



Labor and community action at Port of Tacoma, Washington, block a U.S. military shipment of weapons to Israel in November 2023.

Lenin's "Imperialism, the Highest Stage of Capitalism" was written and published during World War I to show that the war was imperialist on all sides. Lenin also exposed the Second International's betrayal. The leading socialist parties abandoned international working-class solidarity to give support to their own governments in the war.

Lenin denounced the opportunism and social chauvinism of Karl Kautsky and the leaders of the Social Democratic parties. The betrayal, however, was not simply blamed on flawed leaders. Behind these leaders stood material interests that are based on larger economic forces.

Colonialism and imperialism had oppressed, colonized, and enslaved peoples around the globe. They had been robbed of their land, resources, and culture.

In "Imperialism," Lenin finds the root of the betrayal in imperialist superprofits.

Lenin writes that "capitalism has now singled out a handful of exceptionally rich and powerful states which plunder the whole world ... - Obviously, out of such enormous superprofits (since they are obtained over and above the profits which capitalists squeeze out of the workers of their 'own' country), it is possible to bribe the labor leaders and the upper stratum of the labor aristocracy. And that is just what the capitalists of the 'advanced' countries are doing: they are bribing them in a thousand different ways, direct and indirect, overt and covert."

The class struggle

The exploitative relationship between imperialist monopoly capitalism and the working class and oppressed peoples constantly shifts as conditions evolve. In its drive for profits, monopoly capitalism is always seeking new ways to exploit workers as the economic and political landscape transforms.

Even as workers organize and fight to improve working conditions and increase wages, the system undermines those gains for the benefit of the capitalist class.

In the current era, advances in science and technology have dramatically increased the productive capacity of workers in industry and agriculture – especially in robotics, computer-aided design/manufacturing, energy production, health care, transportation and logistics, automated warehouses,

self-driving trucks, and AI. These developments have allowed monopoly corporations to reshape global production networks and supply chains.

They have incorporated hundreds of millions of low-wage workers worldwide into industry and services. This globalization has broken down many borders, internationalizing jobs and wages. By accessing labor in the Global South, monopolies are driving down wages and benefits of workers in the imperialist industrialized countries. The scientific-technological revolution has thus enabled a new phase of exploitation and oppression. This relentless pursuit of profit through global labor arbitrage impacts the working class everywhere.

Globalization drives migration

Global labor arbitrage means moving jobs to countries with low wages and where business costs (such as environmental regulations) are inexpensive. At the same time, impoverished workers migrate to countries with higher-paying jobs.

In the past, the imperialist powers were limited in their ability to exploit workers by geographical constraints. However, advances in science and technology have removed these barriers. Multinational corporations can now easily tap into labor forces across the entire planet. Workers anywhere can potentially be subjected to super-exploitation in the drive for ever greater profits.

The scientific-technological revolution has enabled a new form of boundary-less capitalist exploitation. The tools of high-tech globalization have allowed exploitation by monopoly capitalists to become truly global in reach. Geography and borders no longer restrict their ability to maximize profits through labor exploitation worldwide.

When Lenin was writing in 1916, imperialist export of capital, colonialization, and its superprofits were used to cultivate an opportunist section of labor leaders and politicians in the imperialist countries. While that has continued, it is being scaled back.

With the global exploitation of labor, the export of capital and the drive for imperialist superprofits are going in another direction. Today, it is used to lower living standards for all workers in imperialist countries, not just the most oppressed. The top tiers of workers and parts of the middle class are

being down-graded. Job security and social benefits are being dismantled. Rather than pacifying a privileged layer of workers, imperialist monopoly capital now uniformly undercuts wages, benefits, and rights across the working class in the imperialist countries. It aims to maximize profits globally.

The continued global integration of production and the rapid expansion of the international working class has made cross-border solidarity an urgent necessity. As more aspects of work become globally interconnected, workers around the world are facing common challenges of exploitation and oppression under imperialist capitalism.

The only way to fight back is through unified resistance across all borders. The growing ranks of international labor from all corners of the world have shared class interests. Workers need to build solidarity networks across borders to confront the forces of monopoly capital.

In the U.S.

Over the last four decades, most of the working class in the United States has experienced a continuous erosion of wages and benefits. Throughout these 40 years, workers struggled unsuccessfully against an unrelenting and oppressive union-busting campaign. Union membership has been severely eroded. The United States now has the lowest union membership rate (about 10% of workers) of any of the imperialist industrialized countries.

Wages have stagnated or declined in the U.S. since 1973. Real (inflation-adjusted) wages have fallen by 4-10% since then. According to the U.S. Census Bureau, women still make 20% lower wages. The U.S. poverty rate rose to 12.4% in 2022 from 7.8% in 2021, the largest one-year jump on record, the Census Bureau reported Sept. 12. At the same time, poverty among children has more than doubled.

The summer of 2023 has been marked by a wave of strikes across the United States. Workers in a variety of industries, including health care, education, manufacturing, and transportation, have walked off the job to demand better pay, working conditions, and benefits. Rising inflation has seriously cut wages.

In order to win, these strikes require unity across the working class through solidarity with other labor and community organizations. That

means fighting for equality for Black, Latinx, Asian, and Native peoples; fighting for equal pay for equal work for women workers; defending - equality for lesbian, gay, bi, trans, and queer workers; equality for - immigrant and undocumented workers.

Labor must build these alliances and show support beyond just their membership. Isolated strikes will struggle. But strikes backed by a united working-class front can win. Solidarity is key.

To borrow a phrase:

Low-wage workers of the world, unite!

U.S. complicity in Gaza genocide and military profiteering

The chapters in this book were written in the year before Operation Al-Aqsa Flood was launched on Oct. 7, 2023. The following genocide in Gaza by the Zionist regime has sparked a worldwide movement that includes many Jewish people against Israeli apartheid, genocide, and for Palestinian self-determination, from the river to the sea.

According to a report by Bloomberg on Nov. 14, the U.S. was secretly supplying weapons and ammunition to aid in the invasion of Gaza, separate from the official Congress-approved military aid to Israel. The Pentagon covertly increased military support to Israeli forces, providing laser-guided missiles, cannon ammunition, bunker-buster munitions, night-vision devices, and new army vehicles. These deliveries include a variety of military armaments beyond the well-known Iron Dome interceptors and Boeing smart bombs.

There can be no question that the U.S. is fully behind the apartheid regime's "ethnic cleansing" of the Gaza Strip, an operation that began after President Joe Biden's theatrical public embrace of Prime Minister Benjamin Netanyahu in Tel Aviv on Oct. 18, 2023. It was the hug that launched an invasion.

Zionist-occupied Palestine — "Israel" — is an apartheid settler state, more like a U.S. colony. Joe Biden recently repeated a line he famously said in 1986: "If there were not an Israel, we'd have to invent one." Actually, they did invent one.



Burj al-Masri tower, an apartment building filled with displaced Palestinians in the southern Gaza city of Rafah was a part of the massive destruction on March 22, 2024, in Israel's genocidal assault on Gaza.
Photo: Yasser Qudih Xinhua News Agency

Although the British declared the creation of the settler colony in the 1917 Balfour Declaration, it was after World War II, with British power fading, that the Zionist state of Israel was founded (invented) with the backing of the United States. It couldn't and wouldn't have been done without U.S. backing. From that beginning, Israel could not have existed for even one day without U.S. financial and military support.

The United States has officially given Israel more than \$260 billion in combined military and economic aid since World War II, plus about \$10 billion more in contributions for missile defense systems like the Iron Dome, according to a U.S. News report. No other country in the world has received such military and economic support from the U.S. Some have even called it the 51st state of the U.S.

In a speech in December 1981, Gen. Alexander Haig, Ronald Reagan's Secretary of State, said Israel is "the largest American aircraft carrier in the world that cannot be sunk, does not carry even one American soldier, and is located in a critical region for American national security" (source: NYT article, Dec. 15, 1981).

The profits of this "American aircraft carrier" go to Big Oil and the military-industrial weapons manufacturers.

Taking over Europe's gas market

Since the 1990s, Washington and Wall Street have been trying to take over the natural gas market in Europe from Russia. The Nord Stream pipeline was the primary route for Russian natural gas, and Nord Stream 2 was built to expand capacity. Before the NATO proxy war against Russia began, Victoria Nuland, then undersecretary of state for political affairs, declared that “one way or another Nord Stream 2 will not move forward.” On Sept. 27, 2022, the pipeline was blown up by the U.S. military, as reported by Seymour Hersh.

U.S. Secretary of State Antony Blinken called the disruption of the Nord Stream pipelines a “major strategic opportunity for years to come” and highlighted that the “U.S. has become the leading supplier of liquefied natural gas (LNG) to Europe,” which is at a significantly higher price than the Russian natural gas.

LNG, delivered by ships, is the only alternative available right now to Russian natural gas delivered through pipelines. The top two suppliers worldwide of LNG are the U.S. and Qatar. The North Field East Project of Qatar Energy is an ExxonMobil, ENI, Total Energies, ConocoPhillips, and Shell partnership. They are talking of a pipeline across occupied Palestine to the Mediterranean to expedite deliveries to Europe.

The U.S. oil giant Chevron already plunders natural gas from the stolen waters off Palestine. Chevron operates a major natural gas facility, named Tamar, located 12 miles off the coast in the territorial waters of the Palestinian Territory of Gaza. As the New York Times reported, this has been projected to become a hub for exporting natural gas to Europe through the proposed EastMed pipeline.

Military-industrial profits soar

Never to be underestimated, “Wall Street eyes big profits from war,” was a Guardian headline on Oct. 30.

“Wall Street is hoping for an explosion in profits,” the Guardian reports.

“During third-quarter earnings calls this month, analysts from Morgan Stanley and TD Bank took note of this potential profit-making escalation in conflict and asked unusually blunt questions about the financial benefit of the war ...

“Joe Biden has asked Congress for \$106bn in military and humanitarian aid for Israel and Ukraine and humanitarian assistance for Gaza. The money could be a boon to the aerospace and weapons sector, which enjoyed a 7-percentage point jump in value ...

“Greg Hayes, Raytheon’s chairman and executive director, responded: ‘I think really across the entire Raytheon portfolio, you’re going to see a benefit of this restocking ... on top of what we think is going to be an increase in the [Department of Defense] top line [budget].’”



Iraqis hold a mass rally in Baghdad supporting the Palestinians in the Gaza Strip, Oct. 13, 2023.

Is Russia imperialist?

For socialists, the fundamental understanding of imperialism goes back to World War I and is found in V.I. Lenin's pamphlet "Imperialism, the Highest Stage of Capitalism."

Imperialism is not a policy chosen by one government and dropped by another. Imperialism is a system.

The first world war was the outcome of imperialism, Lenin wrote, an imperialist war waged for the political and economic exploitation of the world, export markets, sources of raw material, spheres of capital investment, etc. The imperialist powers raised huge armies and navies, not only to forcibly subjugate oppressed people in the colonies but to wage war against other imperialist countries competing for control.

According to Lenin, the world was already divided among the great capitalist powers when he wrote "Imperialism" in 1916. The war resulted from inter-imperialist competition to redivide the world.

The wars since WWI have changed circumstances. And World War II signaled a turning point in world imperialist relations. The United States emerged from WWII as the world's most powerful imperialist country, gaining control of former European empires in Asia and Africa.

The overturn of the socialist Soviet Union in 1991 and the breakup of the Soviet republics into individual nation-states dismantled a planned economy, resulting in underdeveloped capitalist economies. Out of these ruins, an imperialist Russia has not suddenly, almost magically, appeared.

Lenin thought that imperialism had a few characteristics, including the rise of finance capital and the export of capital, not just commodities. The U.S., for example, exports not just commodities but capital — mostly in the form of loans or investments. U.S. banks are at the center of world commerce.

Russia's economy is almost neocolonial

Today, capitalist Russia ranks 55th in GDP (PPP) per capita (a measure of a country's economic output per person adjusted for the cost of living). Russia's economy is almost neocolonial, heavily dependent on the export of raw materials like oil, natural gas, and metals. Russia is currently the world's largest exporter of wheat and a major exporter of other grains like barley and corn.

This is the classic economic relationship of a colony to imperialist finance capital. In the list of the top 50 banks in the world, not one is Russian. The ruble is not a currency of trade. Russia does not export capital.

During the Soviet period, Russia and the other republics that formed the Union of Soviet Socialist Republics made remarkable industrial progress. Indeed, between 1921 and 1988, there were no years of negative economic growth — no recessions — except for the World War II years.

The Soviet economy fell into recession only in 1989 as the Gorbachev government began to dismantle the planned economy.

Under Gorbachev and then even more drastically under the openly anti-communist, anti-socialist government of Boris Yeltsin in the Russian Federal Republic and in the new non-Russian former Soviet republics, including Ukraine, the socialist industry was dismantled.

Yeltsin finished the job of dismantling the Soviet economy that Gorbachev began. The years of Yeltsin are now remembered as perhaps the worst period in Russia's 1,000-year history. This was the greatest economic disaster any country has seen in modern times, in war or peace.

Ukraine had the second-largest economy in the USSR. "Independent" Ukraine is now the poorest country in Europe. By the end of 2020, some 45% of the population was in the poor category, according to a study by the Ptukha Institute.

Putin's role

Putin, Yeltsin's prime minister and chosen successor, took a more protectionist approach, unlike Yeltsin and Gorbachev, who had fawned on the West.

Does that mean Putin moved away from Yeltsin's and Gorbachev's policies, which had oriented the economy to exporting raw materials? Did Putin adopt a policy of industrialization?

Under Putin, there has been little growth in Russia's manufacturing production that the "perestroika" reforms had demolished. Manufacturing is the foundation of any successful modern economy. Yet, under Putin, Russia continues mainly as an exporter of raw materials and grains. Manufacturing is a small part of Russia's GDP.

Russia now accounts for about 6% of the global aluminum supply, 3.5% of the copper supply, and 4% of the cobalt supply. Russia is also the world's largest crude oil producer and the second-largest dry natural gas producer after the U.S.

Russia is in the top 10 exporters of grain crops, including barley, corn, rye, oats and especially wheat. From 2017 to 2019, it was the biggest exporter of wheat, accounting for about 20% of the world market.

Russia is a capitalist state, but that does not make it imperialist. Not all capitalist countries are imperialist nations. For example, Indonesia is a capitalist country with an economy (Purchasing Power Parity — PPP) slightly larger than Russia's, but is Indonesia an imperialist or exploited country? Saying that it is capitalist is not enough to know the answer.

Lenin named five characteristics of imperialism: concentration of production into monopoly; merging of bank capital with industrial capital, creating finance capital; export of capital as distinguished from the export of commodities; formation of international monopolist capitalist associations that share the world among themselves; and territorial division of the world among the biggest capitalist powers.

The role of finance capital and the export of capital may be most important. The World Bank and the International Monetary Fund have taken over the economies of the world. The dollar (not gold) is the currency of world trade. Today, almost every country is capitalist, and most of those are exploited by imperialism, by finance capital.

Indonesia is capitalist but not imperialist. Russia, too, is an exploited country in relation to imperialism, like Indonesia.

NATO targets Russia

Russia is the primary provider of gas and oil to much of Europe. The European Union imports 40% of its gas from Russia, putting Russia in competition with the U.S., the biggest producer of gas in the world.

The U.S. has been on a drive to control the world market in oil and gas. This can be seen in its attacks, actual acts of war (sanctions) against Iran and Venezuela, as well as its war on Iraq. These are countries that had sought national sovereignty over oil and gas.

Russia, too, has been a target, especially its Nord Stream 2 pipeline, but not just for that.

NATO is the U.S.-commanded military alliance established in 1949 as a military force aimed against the Soviet Union and the Eastern European socialist states. After the overturn of the Soviet Union, NATO was expanded to almost every country in Eastern Europe to lock in capitalist retrenchment in the formerly socialist countries.

Look at a map of NATO's expansion since the breakup of the USSR. The countries put under NATO include Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Albania, Romania, Bulgaria, Montenegro, North Macedonia.

In 2008, NATO put the inclusion of Ukraine and Georgia, both bordering Russia, on the table.

The threatened expansion of NATO's military force to Ukraine, on the border of Russia, along with NATO naval operations in the Black Sea, are direct provocations aimed at Russia. As Leon Panetta — White House Chief of Staff under Bill Clinton, CIA Director and Secretary of Defense under Barack Obama — explained, the conflict in Ukraine is a NATO “proxy war” against Russia.

NATO war on Yugoslavia

Despite the war propaganda that's presented as news these days, the first war in Europe since World War II didn't just start. That war was launched by the U.S. and NATO against Yugoslavia in 1999.

For 78 days, from March 24 to June 10, 1999, U.S. and NATO bombers hit Belgrade, Pristina in Kosovo, Podgorica in Montenegro, and several other cities. On the first day, more than 20 buildings in Belgrade were leveled.

Much of the U.S./NATO bombing hit civilian targets. A passenger train was bombed. Cruise missiles could be seen flying down the streets. The U.S. directly bombed the Embassy of the People's Republic of China in Belgrade, killing three Chinese reporters.

Russia understood the lesson of Yugoslavia and told the U.S. and NATO “no” to expansion to Ukraine and Georgia on Russia’s borders – 5 minutes by missile to Moscow.

The former U.S. ambassador to Russia, William J. Burns, who is now director of the CIA, said in a February 2008 embassy cable that Ukraine joining NATO constituted a security threat for Russia. Burns noted that to push for this “could potentially split the country [Ukraine] in two, leading to violence or even, some claim, civil war, which would force Russia to decide whether to intervene.”

The U.S. never withdrew the proposal to include Ukraine.

Maidan coup

In Ukraine, the so-called Maidan coup in 2014 that was openly supported and financed by the U.S. put in a government that made NATO membership a policy mandate.

The U.S. even picked the prime minister for the coup regime.

In a leaked phone conversation from 2014, Victoria Nuland, then the Assistant Secretary of State for European and Eurasian Affairs at the U.S. Department of State, was heard discussing the political situation in Ukraine with the U.S. Ambassador to Ukraine, Geoffrey Pyatt. In the conversation, Nuland said, "Yats is the guy." When Pyatt asked about the EU's role, Nuland responded, "F**k the EU."

Arseni Yatsenyuk (Yats) became Prime Minister of the 2014 coup regime in Ukraine.

When Volodymyr Zelensky was made president in 2019, he repeatedly requested Ukraine’s entrance into NATO. On Feb. 19, 2022 — five days before Russia’s special military operation — at the Munich Security Conference, Zelensky demanded, once again, entry to NATO.

Many Ukrainians resisted the Maidan coup, particularly in the working class. In the Maidan civil war, fascist gangs emerged as a force for the coup. Resistance to the coup was strongest in the eastern section of the country. In Odessa, a neo-Nazi pro-Maidan gang targeted the Odessa House of Trade Unions, near the center of the resistance. The building was firebombed and at least 46 anti-fascists and labor activists were burned alive.

The resistance to the Maidan coup has continued from 2014 to today. The independent Donetsk People’s Republic and Lugansk People’s

Republic were created when the people there voted overwhelmingly (89% and 96%) to secede from the Maidan regime. They have been subjected to continuous attack since then, particularly by the Ukrainian National Guard's Azov regiment, a neo-Nazi stormtrooper-like operation. More than 14,000 were killed in Ukraine's war on Donetsk and Lugansk before Russia's special military operation to stop the neo-Nazi war on these independent republics.

As U.S. Ambassador Burns predicted, Russia was pushed into a corner by the unrelenting drive for NATO entry to Ukraine as well as the growing buildup of neo-Nazi militias and the war on Donetsk and Lugansk. Ukraine had promised in the Minsk agreements it signed in 2014 and 2015 that there would be a ceasefire, an end to all fighting, withdrawal of heavy weapons, the release of prisoners of war, and the recognition of self-government in Donetsk and Lugansk. Ukraine fulfilled none of these promises.

Putin may not be an anti-imperialist leader, but the Russian military operation to "demilitarize and denazify" Ukraine and recognize the Donetsk People's Republic and the Lugansk People's Republic is a move against imperialism, U.S. and NATO imperialism.

Vladimir Ilyich Lenin

Imperialism, the Highest Stage of Capitalism

A Popular Outline



Written: January-June, 1916

Published: First published in mid-1917 in pamphlet form, Petrograd. Published according to the manuscript and verified with the text of the pamphlet.

Source: Lenin's Selected Works, Progress Publishers, 1963, Moscow, Volume 1, pp. 667 – 766.

Translation: Progress Publishers, Marx-Engels Institute, Moscow

Transcription\Markup: Tim Delaney & Kevin Goins (2008)

Proofed: and corrected Alvaro Miranda (2022)

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Note: Imperialism, the Highest Stage of Capitalism was written in the first half of 1916. While Lenin was in Berne during 1915 he began to study various works on imperialism that had been published in many countries. He started work on this book in January 1916 and at the end of the month he moved to Zurich, where he continued his work at the Zurich Cantonal Library. From hundreds of books, periodicals, newspapers and statistical abstracts published in different languages he made numerous extracts, summaries, notes and tables, which make up more than 40 printing sheets. These materials were published as a separate pamphlet in 1939 under the title of Notebooks on Imperialism.

On June 19 (July 2) 1916 Lenin sent his completed manuscript on imperialism to the Parus Publishers. Menshevik elements among the management deleted from the book parts sharply criticizing the opportunist theories of Kautsky and the Russian Mensheviks (Martov and Co.). Lenin's terms pererastaniye (capitalism growing into capitalist imperialism) was altered to prevrashcheniye (transformation); reaktsionny kharakter (reactionary nature of the theory of Ultraimperialism) to otstaly kharakter (backward character), etc. In early 1917 the book was printed under the title Imperialism, the Latest Stage of Capitalism, by the Parus Publishers in Petrograd.

After returning to Russia, Lenin wrote a preface to the book, which finally saw the light of day in September 1917.

Preface

The pamphlet here presented to the reader was written in the spring of 1916, in Zurich. In the conditions in which I was obliged to work there I naturally suffered somewhat from a shortage of French and English literature and from a serious dearth of Russian literature. However, I made use of the principal English work on imperialism, the book by J. A. Hobson, with all the care that, in my opinion, that work deserves.

This pamphlet was written with an eye to the tsarist censorship. Hence, I was not only forced to confine myself strictly to an exclusively theoretical, particularly economic analysis of facts, but to formulate the few necessary observations on politics with extreme caution, by hints, in an allegorical language – in that accursed Aesopian language – to which czarism compelled all revolutionaries to have recourse whenever they took up their pens to write a “legal” work.

It is painful, in these days of liberty, to reread these passages of the pamphlet, which have been distorted, cramped, compressed in an iron vise on account of the censor. About the fact that imperialism is the eve of the - socialist revolution; that social-chauvinism (Socialism in words, chauvinism in deeds) is the utter betrayal of Socialism, complete desertion to the side of the bourgeoisie, that this split in the working-class movement is bound up with the objective conditions of imperialism, etc., I had to speak in a “slavish” tongue, and I must refer the reader who is interested in the subject to the articles I wrote abroad in 1914-17, a new edition of which is soon to appear. Special attention should be drawn to a passage on pages 157-58. In order to show the reader, in a guise acceptable to the censors, how shamelessly the capitalists and the social-chauvinists who have deserted to their side (and whom Kautsky opposes with so much inconsistency) lie on the question of annexations, in order to show how shamelessly they screen the annexations of their capitalists, I was forced to quote as an example – Japan! The careful reader will easily substitute Russia for Japan, and Finland, Poland, Courland, the Ukraine, Khiva, Bokhara, Estonia or other regions peopled by non-Great Russians, for Korea.

I trust that this pamphlet will help the reader to understand the fundamental economic question, viz., the question of the economic essence of imperialism, for unless this is studied, it will be impossible to understand and appraise modern war and modern politics.

Author

Petrograd

April 26, 1917

Preface to the French and German editions*

I As was indicated in the preface to the Russian edition, this pamphlet was written in 1916, with an eye to the czarist censorship. I am unable to revise the whole text at the present time, nor, perhaps, would this be advisable, since the main purpose of the book was and remains: to present, on the basis of the summarized returns of irrefutable bourgeois statistics, and the admissions of bourgeois scholars of all countries, a composite picture of the world capitalist system in its international relationships at the beginning of the twentieth century – on the eve of the first world imperialist war.

To a certain extent it will even be useful for many Communists in - advanced capitalist countries to convince themselves by the example of this pamphlet, legal from the standpoint of the tsarist censor, of the possibility – and necessity – of making use of even the slight remnants of legality which still remain at the disposal of the Communists, say, in contemporary America or France, after the recent almost wholesale arrests of - Communists, in order to explain the utter falsity of social-pacifist views and hopes for “world democracy.” The most essential of what should be added to this censored pamphlet I shall try to present in this preface.

II

It is proved in the pamphlet that the war of 1914-18 was imperialistic (that is, an annexationist, predatory, plunderous war) on the part of both sides; it was a war for the division of the world, for the partition and repartition of colonies, “spheres of influence” of finance capital, etc.

Proof of what was the true social, or rather, the true class character of the war is naturally to be found, not in the diplomatic history of the war, but in an analysis of the objective position of the ruling classes in all the belligerent countries. In order to depict this objective position one must not take examples or isolated data (in view of the extreme complexity of the phenomena of social life it is always possible to select any number of examples or separate data to prove any proposition), but the whole of the data concerning the basis of economic life in all the belligerent countries and the whole world.

It is precisely irrefutable summarized data of this kind that I quoted in - describing the partition of the world in 1876 and 1914 (in Chapter VI) and the distribution of the railways all over the world in 1890 and 1913 (in Chapter VII). Railways are a summation of the basic capitalist industries: coal, iron and steel; a summation and the most striking indices of the development of world trade and bourgeois-democratic civilization. How the railways are linked up with large-scale industry, with monopolies, syndicates, cartels, trusts, banks and the financial oligarchy is shown in the preceding chapters of the book. The uneven distribution of the railways, their uneven development – sums up, as it were, modern monopolist capitalism on a world-wide scale. And this summary proves that imperialist wars are absolutely inevitable under such an economic system, as long as private property in the means of production exists.

The building of railways seems to be a simple, natural, democratic, cultural and civilizing enterprise; that is what it is in the opinion of bourgeois professors, who are paid to depict capitalist slavery in bright colors, and in the opinion of petty-bourgeois Philistines. But as a matter of fact the capitalist threads, which in thousands of different intercrossings bind these enterprises with private property in means of production in general, have converted this railway construction into an instrument for oppressing a thousand million people (in the colonies and semicolonies), that is, more than half the population of the globe inhabiting the dependent countries, as well as the wage slaves of capital in the “civilized” countries.

Private property based on the labor of the small proprietor, free competition, democracy, all the catchwords with which the capitalists and their press deceive the workers and the peasants – are things of the distant past. Capitalism has grown into a world system of colonial oppression and of the financial strangulation of the overwhelming majority of the population of the world by a handful of “advanced” countries. And this “booty” is shared between two or three powerful world marauders armed to the teeth (America, Great Britain, Japan), who involve the whole world in their war over the sharing of their booty.

III

The Brest-Litovsk Peace Treaty dictated by monarchist Germany, and the subsequent much more brutal and despicable Versailles Treaty dictated by the “democratic” republics of America and France and also by “free” -

England, have rendered a most useful service to humanity by exposing both the hired coolies of the pen of imperialism and the petty-bourgeois reactionaries, although they call themselves pacifists and Socialists, who sang praises to “Wilsonism,” and who insisted that peace and reforms were possible under imperialism.

The tens of millions of dead and maimed left by the war – a war to decide whether the British or German group of financial marauders is to receive the most booty – and those two “peace treaties,” are with unprecedented rapidity opening the eyes of the millions and tens of millions of people who are downtrodden, oppressed, deceived and duped by the bourgeoisie. Thus, out of the universal ruin caused by the war a world-wide revolutionary crisis is arising which, however prolonged and arduous its stages may be, cannot end otherwise than in a proletarian revolution and in its victory.

The Basel Manifesto of the Second International, which in 1912 gave an appraisal of the very war that broke out in 1914 and not of war in general (there are different kinds of wars, including revolutionary wars), this Manifesto is now a monument exposing the utter shameful bankruptcy and treachery of the heroes of the Second International.

That is why I reproduce this Manifesto as a supplement to the present edition, ** and again and again I urge the reader to note that the heroes of the Second International are as assiduously avoiding the passages of this Manifesto which speak precisely, clearly and definitely of the connection between that impending war and the proletarian revolution, as a thief avoids the place where he has committed a theft.

IV

Special attention has been devoted in this pamphlet to a criticism of “Kautskyism,” the international ideological trend represented in all countries of the world by the “most prominent theoreticians” and leaders of the Second International (Otto Bauer and Co. in Austria, Ramsay MacDonald and others in England, Albert Thomas in France, etc., etc.) and a multitude of Socialists, reformists, pacifists, bourgeois-democrats and parsons.

This ideological trend is, on the one hand, a product of the disintegration and decay of the Second International, and, on the other hand, the inevitable

fruit of the ideology of the petty bourgeoisie, who, by the whole of their conditions of life, are held captive to bourgeois and democratic prejudices.

The views held by Kautsky and his ilk are a complete renunciation of the very revolutionary principles of Marxism which that writer has championed for decades, especially, by the way, in his struggle against socialist opportunism (of Bernstein, Millerand, Hyndman, Gompers, etc.). It is not a mere accident, therefore, that the “Kautskyans” all over the world have now united in practical politics with the extreme opportunists (through the Second, or the Yellow International) and with the bourgeois governments (through bourgeois coalition governments in which Socialists take part).

The growing world proletarian revolutionary movement in general, and the Communist movement in particular, cannot dispense with an analysis and exposure of the theoretical errors of “Kautskyism.” The more so since pacifism and “democracy” in general, which lay no claim to Marxism whatever, but which, like Kautsky and Co., are obscuring the profundity of the contradictions of imperialism and the inevitable revolutionary crisis to which it gives rise, are still very widespread all over the world. To combat these tendencies is the bounden duty of the Party of the proletariat, which must win away from the bourgeoisie the small proprietors who are duped by them, and the millions of toilers who have been placed under more or less petty-bourgeois conditions of life.

V

A few words must be said about Chapter VIII entitled: “The Parasitism and Decay of Capitalism.” As already pointed out in the text, Hilferding, ex-“Marxist,” and now a comrade-in-arms of Kautsky and one of the chief exponents of bourgeois, reformist policy in the Independent Social-Democratic Party of Germany,*** has taken a step backward on this question compared with the frankly pacifist and reformist Englishman, Hobson. The international split of the whole working-class movement is now quite evident (the Second and the Third Internationals). The fact that armed struggle and civil war is now raging between the two trends is also evident: the support given to Kolchak and Denikin in Russia by the Mensheviks and “Socialist-Revolutionaries” against the Bolsheviks; the fight the Scheidemanns, Noskes and Co. have conducted in conjunction with the bourgeoisie against the Spartacists**** in Germany; the same thing

in Finland, Poland, Hungary, etc. What is the economic basis of this world-historic phenomenon?

Precisely the parasitism and decay of capitalism which are characteristic of its highest historical stage of development, i.e., imperialism. As is proved in this pamphlet, capitalism has now singled out a handful (less than one-tenth of the inhabitants of the globe; less than one-fifth at a most “generous” and liberal calculation) of exceptionally rich and powerful states which plunder the whole world simply by “clipping coupons.” Capital - exports yield an income of eight to ten billion francs per annum, at prewar prices and according to prewar bourgeois statistics. Now, of course, they yield much more.

Obviously, out of such enormous superprofits (since they are obtained over and above the profits which capitalists squeeze out of the workers of their “own” country) it is possible to bribe the labor leaders and the upper stratum of the labor aristocracy. And the capitalists of the “advanced” countries are bribing them; they bribe them in a thousand different ways, direct and indirect, overt and covert.

This stratum of bourgeoisified workers, or the “labor aristocracy,” who are quite philistine in their mode of life, in the size of their earnings and in their entire outlook, is the principal prop of the Second International, and, in our days, the principal social (not military) prop of the bourgeoisie. For they are the real agents of the bourgeoisie in the working-class movement, the labor lieutenants of the capitalist class, real channels of reformism and chauvinism. In the civil war between the proletariat and the bourgeoisie they inevitably, and in no small numbers, take the side of the bourgeoisie, the “Versaillese” against the “Communards.”

Unless the economic roots of this phenomenon are understood and its political and social significance is appreciated, not a step can be taken toward the solution of the practical problems of the Communist movement and of the impending social revolution.

Imperialism is the eve of the social revolution of the proletariat. This has been confirmed since 1917 on a worldwide scale.

July 6, 1920

N. Lenin

During the last fifteen to twenty years, especially since the Spanish--American War (1898), and the Anglo-Boer War (1899-1902), the economic and also the political literature of the two hemispheres has more and more often adopted the term "imperialism" in order to describe the present era. In 1902, a book by the English economist J. A. Hobson, *Imperialism*, was published in London and New York. This author, whose point of view is that of bourgeois social reformism and pacifism which, in essence, is identical with the present point of view of the ex-Marxist, K. Kautsky, gives a very good and comprehensive description of the principal specific economic and political features of imperialism. In 1910, there appeared in Vienna the work of the Austrian Marxist, Rudolf Hilferding, *Finance Capital* (Russian edition: Moscow, 1912). In spite of the mistake the author commits on the theory of money, and in spite of a certain inclination on his part to reconcile Marxism with opportunism, this work gives a very valuable theoretical analysis of "the latest phase of capitalist development," the subtitle of the book. Indeed, what has been said of imperialism during the last few years, especially in an enormous number of magazine and newspaper articles, and also in the resolutions, for example, of the Chemnitz and Basel congresses^{*****} which took place in the autumn of 1912, has scarcely gone beyond the ideas expounded, or, more exactly, summed up by the two writers mentioned above....

Later on, we shall try to show briefly, and as simply as possible, the - connection and relationships between the principal economic features of imperialism. We shall not be able to deal with non-economic aspects of the question, however much they deserve to be dealt with. We have put references to literature and other notes which, perhaps, would not interest all readers, at the end of this pamphlet. ^{*****}

* This preface was first published under the title "Imperialism and Capitalism" in *Communist International*, No. 18, dated October 1921.

** The Manifesto is omitted in the present edition. p 7

*** **Independent Social Democratic Party of Germany** A party formed in April 1917 at a congress in Gotha amid an atmosphere of revolutionary enthusiasm stimulated by the February revolution in Russia. The German Social-Democratic Party was losing the confidence of many of its own leftist members.

Centrist leaders of the German Social Democracy made an attempt to form the so-called “independent” party. The Independents preached unity with the social-chauvinists and renounced class struggle. The bulk of the party was made up of the Kautskian organisation *Arbeitsgemeinschaft* – which was the “Labour Group” in the Reichstag.

For a time the Spartacus group was associated with the party of “Independents” as an affiliated group, which preserved its organisational and political independence, and continued its illegal work and struggle to free the Social-Democratic workers from the influence of the Centrist leaders. In 1918 the Spartacus League left the Independent Social-Democratic Party and formed the core of the newly founded Communist Party of Germany.

At its congress in Halle in October 1920 a split occurred in the Independent Social-Democratic Party of Germany. In December 1920 many of the “Independents” joined the Communist Party of Germany. The Rights formed a separate party and adopted the old name of Independent Social-Democratic Party of Germany. This party existed up to 1922, when it rejoined the German Social Democratic Party.

See Manifesto Against Imperialism, May 1918

**** **Spartacus League (Spartacists)** A revolutionary left-wing organisation of the German Social Democratic Party, formed at the beginning of World War I by Karl Liebknecht (1871-1919), Rosa Luxemburg (1871-1919), Franz Mehring (1846-1919), Clara Zetkin (1857-1933), Wilhelm Pieck (1876-1960), August Thalheimer (1884-1948), and others.

The Spartacists agitated tirelessly among the workers of Germany to stop the war through mass strikes, they organised anti-war action throughout Germany, fighting social-chauvinism in every way they could. Lenin wrote of the activities of Karl Liebknecht in 1917:

‘Karl Liebknecht called upon the workers and soldiers of Germany to turn their guns against their own government. Karl Liebknecht did that openly from the rostrum of parliament (the Reichstag). He then went to a demonstration in Potsdamer Platz, one of the largest public squares in Berlin, with illegally printed leaflets proclaiming the slogan “Down with the Government!”’

In April 1917, the Spartacists joined with the Independent Social-Democratic Party of Germany, but remained organisationally independent. During the November revolution of 1918, the group became the Spartacus League, issuing their own programme (on December 14) and broke with the Independents. In January 1, 1919 the League became the Communist Party of Germany. The Spartacus League was largely responsible for the Spartacus Rising and failed revolution of 1918-19.

***** **Chemnitz Congress** Congress of the German Social-Democratic Party, September 15-21, 1912; the Congress adopted a resolution on imperialism that described the policy of the imperialist states as “a shameless policy of plunder and annexation” and called upon the Party to “struggle against imperialism with redoubled energy”.

***** In the present edition the author’s references and notes are given as footnotes.

Chapter I

Concentration of Production and Monopolies

The enormous growth of industry and the remarkably rapid concentration of production in ever-larger enterprises are one of the most characteristic features of capitalism. Modern production censuses give most complete and most exact data on this process.

In Germany, for example, out of every 1,000 industrial enterprises, large enterprises, i.e., those employing more than 50 workers, numbered three in 1882, six in 1895 and nine in 1907; and out of every 100 workers employed, this group of enterprises employed 22, 30 and 37, respectively. Concentration of production, however, is much more intense than the concentration of workers, since labour in the large enterprises is much more productive. This is shown by the figures on steam-engines and electric motors. If we take what in Germany is called industry in the broad sense of the term, that is, including commerce, transport, etc., we get the following picture. Large-scale enterprises, 30,588 out of a total of 3,265,623, that is to say, 0.9 per cent. These enterprises employ 5,700,000 workers out of a total of 14,400,000, i.e., 39.4 per cent; they use 6,600,000 steam horse power out of a total of 8,800,000, i.e., 75.3 per cent, and 1,200,000 kilowatts of electricity out of a total of 1,500,000, i.e., 77.2 per cent.

Less than one-hundredth of the total number of enterprises utilise *more than three-fourths* of the total amount of steam and electric power! Two million nine hundred and seventy thousand small enterprises (employing up to five workers), constituting 91 per cent of the total, utilise only 7 per cent of the total amount of steam and electric power! Tens of thousands of huge enterprises are everything; millions of small ones are nothing.

In 1907, there were in Germany 586 establishments employing one thousand and more workers, nearly *one-tenth* (1,380,000) of the total number of workers employed in industry, and they consumed *almost one-third* (32 per cent) of the total amount of steam and electric power.^[1] As we shall see, money capital and the banks make this superiority of a handful of the largest enterprises still more overwhelming, in the most literal sense of the word, i.e., millions of small, medium and even some big “proprietors”

are in fact in complete subjection to some hundreds of millionaire financiers.

In another advanced country of modern capitalism, the United States of America, the growth of the concentration of production is still greater. Here statistics single out industry in the narrow sense of the word and classify enterprises according to the value of their annual output. In 1904 large-scale enterprises with an output valued at one million dollars and over, numbered 1,900 (out of 216,180, i.e., 0.9 per cent). These employed 1,400,000 workers (out of 5,500,000, i.e., 25.6 per cent) and the value of their output amounted to \$5,600,000,000 (out of \$14,800,000,000, i.e., 38 per cent). Five years later, in 1909, the corresponding figures were: 3,060 enterprises (out of 268,491, i.e., 1.1 per cent) employing 2,000,000 workers (out of 6,600,000, i.e., 30.5 per cent) with an output valued at \$9,000,000,000 (out of \$20,700,000,000, i.e., 43.8 per cent). [2]

Almost half the total production of all the enterprises of the country was carried on by *one-hundredth part* of these enterprises! These 3,000 giant enterprises embrace 258 branches of industry. From this it can be seen that at a certain stage of its development concentration itself, as it were, leads straight to monopoly, for a score or so of giant enterprises can easily arrive at an agreement, and on the other hand, the hindrance to competition, the tendency towards monopoly, arises from the huge size of the enterprises. This transformation of competition into monopoly is one of the most important – if not the most important – phenomena of modern capitalist economy, and we must deal with it in greater detail. But first we must clear up one possible misunderstanding.

American statistics speak of 3,000 giant enterprises in 250 branches of industry, as if there were only a dozen enterprises of the largest scale for each branch of industry.

But this is not the case. Not in every branch of industry are there large-scale enterprises; and moreover, a very important feature of capitalism in its highest stage of development is so-called *combination* of production, that is to say, the grouping in a single enterprise of different branches of industry, which either represent the consecutive stages in the processing of raw - materials (for example, the smelting of iron ore into pig-iron, the conversion of pig-iron into steel, and then, perhaps, the manufacture of steel

goods) – or are auxiliary to one another (for example, the utilisation of scrap, or of by-products, the manufacture of packing materials, etc.).

“Combination,” writes Hilferding, “levels out the fluctuations of trade and therefore assures to the combined enterprises a more stable rate of - profit. Secondly, combination has the effect of eliminating trade. Thirdly, it has the effect of rendering possible technical improvements, and, consequently, the acquisition of superprofits over and above those obtained by the ‘pure’ (i.e., non-combined) enterprises. Fourthly, it strengthens the position of the combined enterprises relative to the ‘pure’ enterprises, strengthens them in the competitive struggle in periods of serious depression, when the fall in prices of raw materials does not keep pace with the fall in prices of manufactured goods.”^[3]

The German bourgeois economist, Heymann, who has written a book - especially on “mixed,” that is, combined, enterprises in the German iron industry, says: “Pure enterprises perish, they are crushed between the high price of raw material and the low price of the finished product.” Thus we get the following picture: “There remain, on the one hand, the big coal companies, producing millions of tons yearly, strongly organised in their coal syndicate, and on the other, the big steel plants, closely allied to the coal mines, having their own steel syndicate. These giant enterprises, producing 400,000 tons of steel per annum, with a tremendous output of ore and coal and producing finished steel goods, employing 10,000 workers quartered in company houses, and sometimes owning their own railways and ports, are the typical representatives of the German iron and steel industry. And concentration goes on further and further. Individual enterprises are becoming larger and larger. An ever-increasing number of enterprises in one, or in several different industries, join together in giant enterprises, backed up and directed by half a dozen big Berlin banks. In relation to the German mining industry, the truth of the teachings of Karl Marx on concentration is definitely proved; true, this applies to a country where industry is protected by tariffs and freight rates. The German mining industry is ripe for expropriation.”^[4]

Such is the conclusion which a bourgeois economist who, by way of exception, is conscientious, had to arrive at. It must be noted that he seems to place Germany in a special category because her industries are protected by higher tariffs. But this is a circumstance which only accelerates

concentration and the formation of monopolist manufacturers' associations, cartels, syndicates, etc. It is extremely important to note that in free-trade Britain, concentration also leads to monopoly, although somewhat later and perhaps in another form. Professor Hermann Levy, in his special work of research entitled *Monopolies, Cartels and Trusts*, based on data on British economic development, writes as follows:

“In Great Britain it is the size of the enterprise and its high technical level which harbour a monopolist tendency. This, for one thing, is due to the great investment of capital per enterprise, which gives rise to increasing demands for new capital for the new enterprises and thereby renders their launching more difficult. Moreover (and this seems to us to be the more important point), every new enterprise that wants to keep pace with the gigantic enterprises that have been formed by concentration would here produce such an enormous quantity of surplus goods that it could dispose of them only by being able to sell them profitably as a result of an enormous increase in demand; otherwise, this surplus would force prices down to a level that would be unprofitable both for the new enterprise and for the monopoly combines.” Britain differs from other countries where protective tariffs facilitate the formation of cartels in that monopolist manufacturers' associations, cartels and trusts arise in the majority of cases only when the number of the chief competing enterprises has been reduced to “a couple of dozen or so.” “Here the influence of concentration on the formation of large industrial monopolies in a whole sphere of industry stands out with crystal clarity.”^[5]

Half a century ago, when Marx was writing *Capital*, free competition appeared to the overwhelming majority of economists to be a “natural law”. Official science tried, by a conspiracy of silence, to kill the works of Marx, who by a theoretical and historical analysis of capitalism had proved that free competition gives rise to the concentration of production, which, in turn, at a certain stage of development, leads to monopoly. Today, monopoly has become a fact. Economists are writing mountains of books in which they describe the diverse manifestations of monopoly, and continue to declare in chorus that “Marxism is refuted.” But facts are stubborn things, as the English proverb says, and they have to be reckoned with, whether we like it or not. The facts show that differences between capitalist countries, e.g., in the matter of protection or free trade, only give rise to - insignificant variations in the form of monopolies or in the moment of their

appearance; and that the rise of monopolies, as the result of the concentration of production, is a general and fundamental law of the present stage of development of capitalism.

For Europe, the time when the new capitalism *definitely* superseded the old can be established with fair precision; it was the beginning of the - twentieth century. In one of the latest compilations on the history of the “formation of monopolies”, we read:

“Isolated examples of capitalist monopoly could be cited from the period preceding 1860; in these could be discerned the embryo of the forms that are so common today; but all this undoubtedly represents the prehistory of the cartels. The real beginning of modern monopoly goes back, at the - earliest, to the sixties. The first important period of development of monopoly commenced with the international industrial depression of the seventies and lasted until the beginning of the nineties.” “If we examine the question on a European scale, we will find that the development of free competition reached its apex in the sixties and seventies. It was then that Britain completed the construction of her old-style capitalist organisation. In Germany, this organisation had entered into a fierce struggle with handicraft and domestic industry, and had begun to create for itself its own forms of existence.”

“The great revolution commenced with the crash of 1873, or rather, the depression which followed it and which, with hardly discernible interruptions in the early eighties, and the unusually violent, but short-lived boom round about 1889, marks twenty-two years of European economic history During the short boom of 1889-90, the system of cartels was widely resorted to in order to take advantage of favourable business conditions. An ill-considered policy drove prices up still more rapidly and still higher than would have been the case if there had been no cartels, and nearly all these cartels perished ingloriously in the smash. Another five-year period of bad trade and low prices followed, but a new spirit reigned in industry; the depression was no longer regarded as something to be taken for granted: it was regarded as nothing more than a pause before another boom.

“The cartel movement entered its second epoch: instead of being a transitory phenomenon, the cartels have become one of the foundations of economic life. They are winning one field of industry after another, primarily, the raw materials industry. At the beginning of the nineties the

cartel system had already acquired in the organisation of the coke syndicate on the model of which the coal syndicate was later formed – a cartel technique which has hardly been improved on. For the first time the great boom at the close of the nineteenth century and the crisis of 1900-03 occurred entirely – in the mining and iron industries at least – under the aegis of the cartels. And while at that time it appeared to be something novel, now the general public takes it for granted that large spheres of economic life have been, as a general rule, removed from the realm of free competition.”^[6]

Thus, the principal stages in the history of monopolies are the following:

1. 1860-70, the highest stage, the apex of development of free competition; monopoly is in the barely discernible, embryonic stage.
2. After the crisis of 1873, a lengthy period of development of cartels; but they are still the exception. They are not yet durable. They are still a transitory phenomenon.
3. The boom at the end of the nineteenth century and the crisis of 1900-03. Cartels become one of the foundations of the whole of economic life. Capitalism has been transformed into imperialism.

Cartels come to an agreement on the terms of sale, dates of payment, etc. They divide the markets among themselves. They fix the quantity of goods to be produced. They fix prices. They divide the profits among the various enterprises, etc.

The number of cartels in Germany was estimated at about 250 in 1896 and at 385 in 1905, with about 12,000 firms participating.^[7] But it is generally recognised that these figures are underestimations. From the statistics of German industry for 1907 we quoted above, it is evident that even these 12,000 very big enterprises probably consume more than half the steam and electric power used in the country. In the United States of America, the number of trusts in 1900 was estimated at 185 and in 1907, 250. American statistics divide all industrial enterprises into those belonging to individuals, to private firms or to corporations. The latter in 1904 comprised 23.6 per cent, and in 1909, 25.9 per cent, i.e., more than one-fourth of the total industrial enterprises in the country. These employed in 1904, 70.6 per cent, and in 1909, 75.6 per cent, i.e., more than three-fourths of the total wage-earners. Their output at these two dates was valued

at \$10,900,000,000 and \$16,300,000,000, i.e., 73.7 per cent and 79.0 per cent of the total, respectively.

At times cartels and trusts concentrate in their hands seven- or eight-tenths of the total output of a given branch of industry. The Rhine--Westphalian Coal Syndicate, at its foundation in 1893, concentrated 86.7 per cent of the total coal output of the area, and in 1910 it already concentrated 95.4 per cent.^[8] The monopoly so created assures enormous profits, and leads to the formation of technical production units of formidable magnitude. The famous Standard Oil Company in the United States was founded in 1900: "It has an authorised capital of \$150,000,000. It issued \$100,000,000 common and \$106,000,000 preferred stock. From 1900 to 1907 the following dividends were paid on the latter: 48, 48, 45, 44, 36, 40, 40, 40 per cent in the respective years, i.e., in all, \$367,000,000. From 1882 to 1907, out of total net profits amounting to \$889,000,000, \$606,000,000 were distributed in dividends, and the rest went to reserve capital."^[9] "In 1907 the various works of the United States Steel Corporation employed no less than 210,180 people. The largest enterprise in the German mining industry, Gelsenkirchener Bergwerksgesellschaft, in 1908 had a staff of 46,048 workers and office employees."^[10] In 1902, the United States Steel Corporation already produced 9,000,000 tons of steel.^[11] Its output constituted in 1901, 66.3 per cent, and in 1908, 56.1 per cent of the total output of steel in the United States.^[12] The output of ore was 43.9 per cent and 46.3 per cent, respectively.

The report of the American Government Commission on Trusts states: "Their superiority over competitors is due to the magnitude of their enterprises and their excellent technical equipment. Since its inception, the Tobacco Trust has devoted all its efforts to the universal substitution of mechanical for manual labour. With this end in view it has bought up all patents that have anything to do with the manufacture of tobacco and has spent enormous sums for this purpose. Many of these patents at first proved to be of no use, and had to be modified by the engineers employed by the trust. At the end of 1906, two subsidiary companies were formed solely to acquire patents. With the same object in view, the trust has built its own foundries, machine shops and repair shops. One of these establishments, that in Brooklyn, employs on the average 300 workers; here experiments are carried out on inventions concerning the manufacture of cigarettes,

cheroots, snuff, tinfoil for packing, boxes, etc. Here, also, inventions are perfected.”^[13] “Other trusts also employ what are called development engineers whose business it is to devise new methods of production and to test technical improvements. The United States Steel Corporation grants big bonuses to its workers and engineers for all inventions that raise technical efficiency, or reduce cost of production.”^[14]

In German large-scale industry, e.g., in the chemical industry, which has developed so enormously during these last few decades, the promotion of technical improvement is organised in the same way. By 1908 the process of concentration of production had already given rise to two main “groups” which, in their way, were also in the nature of monopolies. At first these groups constituted “dual alliances” of two pairs of big factories, each having a capital of from twenty to twenty-one million marks on the one hand, the former Meister Factory in Höchst and the Casella Factory in Frankfurt am Main; and on the other hand, the aniline and soda factory at Ludwigshafen and the former Bayer Factory at Elberfeld. Then, in 1905, one of these groups, and in 1908 the other group, each concluded an agreement with yet another big factory. The result was the formation of two “triple alliances,” each with a capital of from forty to fifty million marks. And these “alliances” have already begun to “approach” each other, to reach “an understanding” about prices, etc.^[15]

Competition becomes transformed into monopoly. The result is immense progress in the socialisation of production. In particular, the process of technical invention and improvement becomes socialised.

This is something quite different from the old free competition between manufacturers, scattered and out of touch with one another, and producing for an unknown market. Concentration has reached the point at which it is possible to make an approximate estimate of all sources of raw materials (for example, the iron ore deposits) of a country and even, as we shall see, of several countries, or of the whole world. Not only are such estimates made, but these sources are captured by gigantic monopolist associations. An approximate estimate of the capacity of markets is also made, and the associations “divide” them up amongst themselves by agreement. Skilled labour is monopolised, the best engineers are engaged; the means of transport are captured – railways in America, shipping companies in Europe and America. Capitalism in its imperialist stage leads directly to the most

comprehensive socialisation of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new social order, a transitional one from complete free competition to complete socialisation.

Production becomes social, but appropriation remains private. The social means of production remain the private property of a few. The general framework of formally recognised free competition remains, and the yoke of a few monopolists on the rest of the population becomes a hundred times heavier, more burdensome and intolerable.

The German economist, Kestner, has written a book especially devoted to “the struggle between the cartels and outsiders”, i.e., the capitalists outside the cartels. He entitled his work *Compulsory Organisation*, although, in order to present capitalism in its true light, he should, of course, have written about compulsory submission to monopolist associations. It is instructive to glance at least at the list of the methods the monopolist associations resort to in the present-day, the latest, the civilised struggle for “organisation”:

1. stopping supplies of raw materials ... (“one of the most important methods of compelling adherence to the cartel”);
2. stopping the supply of labour by means of “alliances” (i.e., of agreements between the capitalists and the trade unions by which the latter permit their members to work only in cartelised enterprises);
3. stopping deliveries;
4. closing trade outlets;
5. agreements with the buyers, by which the latter undertake to trade only with the cartels;
6. systematic price cutting (to ruin “outside” firms, i.e., those which refuse to submit to the monopolists. Millions are spent in order to sell goods for a certain time below their cost price; there were instances when the price of petrol was thus reduced from 40 to 22 marks, i.e., almost by half!);
7. stopping credits;
8. boycott.

Here we no longer have competition between small and large, between technically developed and backward enterprises. We see here the

monopolists throttling those who do not submit to them, to their yoke, to their dictation. This is how this process is reflected in the mind of a bourgeois economist:

“Even in the purely economic sphere,” writes Kestner, “a certain change is taking place from commercial activity in the old sense of the word towards organisational-speculative activity. The greatest success no longer goes to the merchant whose technical and commercial experience enables him best of all to estimate the needs of the buyer, and who is able to discover and, so to speak, ‘awaken’ a latent demand; it goes to the speculative genius [?!] who knows how to estimate, or even only to sense in advance, the organisational development and the possibilities of certain connections between individual enterprises and the banks. . . .”

Translated into ordinary human language this means that the development of capitalism has arrived at a stage when, although commodity production still “reigns” and continues to be regarded as the basis of economic life, it has in reality been undermined and the bulk of the profits go to the “geniuses” of financial manipulation. At the basis of these manipulations and swindles lies socialised production; but the immense progress of mankind, which achieved this socialisation, goes to benefit . . . the speculators. We shall see later how “on these grounds” reactionary, petty-bourgeois critics of capitalist imperialism dream of going *back* to “free,” “peaceful” and “honest” competition.

“The prolonged raising of prices which results from the formation of - cartels,” says Kestner, “has hitherto been observed only in respect of the most important means of production, particularly coal, iron and potassium, but never in respect of manufactured goods. Similarly, the increase in profits resulting from this raising of prices has been limited only to the industries which produce means of production. To this observation we must add that the industries which process raw materials (and not semi-manufactures) not only secure advantages from the cartel formation in the shape of high profits, to the detriment of the finished goods industry, but have also secured a *dominating position* over the latter, which did not exist under free competition.”^[16]

The words which I have italicised reveal the essence of the case which the bourgeois economists admit so reluctantly and so rarely, and which the present-day defenders of opportunism, led by Kautsky, so zealously try to

evade and brush aside. Domination, and the violence that is associated with it, such are the relationships that are typical of the “latest phase of capitalist development”; this is what inevitably had to result, and has resulted, from the formation of all-powerful economic monopolies.

I shall give one more example of the methods employed by the cartels. Where it is possible to capture all or the chief sources of raw materials, the rise of cartels and formation of monopolies is particularly easy. It would be wrong, however, to assume that monopolies do not arise in other industries in which it is impossible to corner the sources of raw materials. The cement industry, for instance, can find its raw materials everywhere. Yet in - Germany this industry too is strongly cartelised. The cement manufacturers have formed regional syndicates: South German, Rhine-Westphalian, etc. The prices fixed are monopoly prices: 230 to 280 marks a car-load, when the cost price is 180 marks! The enterprises pay a dividend of from 12 to 16 per cent – and it must not be forgotten that the “geniuses” of modern speculation know how to pocket big profits besides what they draw in dividends. In order to prevent competition in such a profitable industry, the monopolists even resort to various stratagems: they spread false rumours about the bad situation in their industry; anonymous warnings are published in the newspapers, like the following: “Capitalists, don’t invest your capital in the cement industry!”; lastly, they buy up “outsiders” (those outside the syndicates) and pay them compensation of 60,000, 80,000 and even 150,000 marks.^[17] Monopoly hews a path for itself everywhere without scruple as to the means, from paying a “modest” sum to buy off competitors, to the American device of employing dynamite against them.

The statement that cartels can abolish crises is a fable spread by bourgeois economists who at all costs desire to place capitalism in a favourable light. On the contrary, the monopoly created in *certain* branches of industry increases and intensifies the anarchy inherent in capitalist production *as a whole*. The disparity between the development of agriculture and that of industry, which is characteristic of capitalism in general, is increased. The privileged position of the most highly cartelised, so-called heavy industry, especially coal and iron, causes “a still greater lack of co-ordination” in other branches of industry – as Jeidels, the author of one of the best works on “the relationship of the German big banks to industry,” admits.^[18]

“The more developed an economic system is,” writes Liefmann, an unblushing apologist of capitalism, “the more it resorts to risky enterprises, or enterprises in other countries, to those which need a great deal of time to develop, or finally, to those which are only of local importance.”^[19] The increased risk is connected in the long run with a prodigious increase of capital, which, as it were, overflows the brim, flows abroad, etc. At the same time the extremely rapid rate of technical progress gives rise to increasing elements of disparity between the various spheres of national economy, to anarchy and crises. Liefmann is obliged to admit that: “In all probability mankind will see further important technical revolutions in the near future which will also affect the organisation of the economic system”... electricity and aviation.... “As a general rule, in such periods of radical economic change, speculation develops on a large scale.”...^[20]

Crises of every kind – economic crises most frequently, but not only these – in their turn increase very considerably the tendency towards concentration and towards monopoly. In this connection, the following reflections of Jeidels on the significance of the crisis of 1900, which, as we have already seen, marked the turning-point in the history of modern monopoly, are exceedingly instructive:

“Side by side with the gigantic plants in the basic industries, the crisis of 1900 still found many plants organised on lines that today would be considered obsolete, the ‘pure’ (non-combined) plants, which were brought into being at the height of the industrial boom. The fall in prices and the falling off in demand put these ‘pure’ enterprises in a precarious position, which did not affect the gigantic combined enterprises at all or only affected them for a very short time. As a consequence of this the crisis of 1900 resulted in a far greater concentration of industry than the crisis of 1873: the latter crisis also produced a sort of selection of the best-equipped enterprises, but owing to the level of technical development at that time, this selection could not place the firms which successfully emerged from the crisis in a position of monopoly. Such a durable monopoly exists to a high degree in the gigantic enterprises in the modern iron and steel and electrical industries owing to their very complicated technique, far-reaching organisation and magnitude of capital, and, to a lesser degree, in the engineering industry, certain branches of the metallurgical industry, transport, etc.”^[21]

Monopoly! This is the last word in the “latest phase of capitalist development.” But we shall only have a very insufficient, incomplete, and poor notion of the real power and the significance of modern monopolies if we do not take into consideration the part played by the banks.

Notes

[1] Figures taken from Annalen des deutschen Reichs, 1911, Zahn

[2] Statistical Abstract of the United States, 1912, p. 202

[3] Finance Capital, Russ. ed., pp. 286-87

[4] Hans Gideon Heymann, Die gemischten Werke im deutschen Grosseisengewerbe, Stuttgart, 1904, (S. 256, 278).

[5] Hermann Levy, Monopole, Kartelle und Trusts, Jena, 1909, S. 286, 290,

[6] Th. Vogelstein, “Die finanzielle Organisation der kapitalistischen Industrie und die Monopolbildungen” in Grundriss der Sozialökonomik, VI. Abt., Tübingen, 1914. Cf., also by the same author: Organisationsformen der Eisenindustrie und Textilindustrie in England und Amerika, Bd. 1, Lpz., 1910.

[7] Dr. Riesser, Die deutschen Grossbanken und ihre Konzentration im Zusammenhange mit der Entwicklung der Gesamtwirtschaft in Deutschland, 4. Aufl., 1912, S. 149; Robert Liefmann, Kartelle und Trusts und die Weiterbildung der volkswirtschaftlichen Organisation, 2. Aufl., 1910, S. 25.

[8] Dr. Fritz Kestner, Der Organisationszwang. Eine Untersuchung über die Kämpfe zwischen Kartellen und Aussenseitern, Berlin, 1912, S. 11.

[9] R. Liefmann, Beteiligungs- und Finanzierungsgesellschaften. Eine Studie über den modernen Kapitalismus und das Effektenwesen, 1. Aufl., Jena, 1909, S. 212.

[10] Ibid., S. 218.

[11] Dr. S. Tschierschky, Kartell und Trust, Göttingen, 1903, S. 13.

[12] Tr. Vogelstein, Organisationsformen, S. 275.

[13] Report of the Commissioner of Corporations on the Tobacco Industry, Washington, 1909, p. 266, cited according to Dr. Paul Tafel, Die nordamerikanischen Trusts und ihre Wirkungen auf den Fortschritt der Technik, Stuttgart, 1913, S. 48.

[14] Dr. P. Tafel, *ibid.*, S. 49.

[15] Riesser, *op. cit.*, third edition, p. 547 et seq. The newspapers (June 1916) report the formation of a new gigantic trust which combines the chemical industry of Germany.

[16] Kestner, *op.cit.*, S. 254

[17] L. Eschwege, "Zement" in *Die Bank*, 1909, S. 115 et. seq.

[18] Jeidels, *Das Verhältnis der deutschen Grossbanken zur Industrie mit besonderer Berücksichtigung der Eisenindustrie*, Leipzig, 1905, S. 271

[19] Liefmann, *Beteiligungs- und Finanzierungsgesellschaften*, S, 434.

[20] *Ibid*, S. 465-66

[21] Jeidels, *op. cit.*, S. 108.

Chapter II

Banks and Their New Role

The principal and primary function of banks is to serve as middlemen in the making of payments. In so doing they transform inactive money capital into active, that is, into capital yielding a profit; they collect all kinds of money revenues and place them at the disposal of the capitalist class.

As banking develops and becomes concentrated in a small number of establishments, the banks grow from modest middlemen into powerful monopolies having at their command almost the whole of the money capital of all the capitalists and small businessmen and also the larger part of the means of production and sources of raw materials in any one country and in a number of countries. This transformation of numerous modest middlemen into a handful of monopolists is one of the fundamental processes in the growth of capitalism into capitalist imperialism; for this reason we must first of all examine the concentration of banking.

In 1907-08, the combined deposits of the German joint-stock banks, each having a capital of more than a million marks, amounted to 7,000 million marks; in 1912-13, these deposits already amounted to 9,800 million marks, an increase of 40 per cent in five years; and of the 2,800 million increase, 2,750 million was divided among 57 banks, each having a capital of more than 10 million marks. The distribution of the deposits between big and small banks was as follows:[1]

Percentage of Total Deposits

	In 9 big Berlin banks	In the other 48 banks with a capital of more than 10 million marks	In 115 banks with a capital of 1-10 million marks	In small banks (with a capital of less than a million marks)
1907-08	47	32.5	16.5	4
1912-13	48	36	12	3

The small banks are being squeezed out by the big banks, of which only nine concentrate in their hands almost half the total deposits. But we have left out of account many important details, for instance, the transformation

of numerous small banks into actual branches of the big banks, etc. Of this I shall speak later on.

At the end of 1913, Schulze-Gaevernitz estimated the deposits in the nine big Berlin banks at 5,100 million marks, out of a total of about 10,000 million marks. Taking into account not only the deposits, but the total bank capital, this author wrote: "At the end of 1909, the nine big Berlin banks, together with their affiliated banks, controlled 11,300 million marks, that is, about 83 per cent of the total German bank capital. The Deutsche Bank, which together with its affiliated banks controls nearly 3,000 million marks, represents, parallel to the Prussian State Railway Administration, the biggest and also the most decentralised accumulation of capital in the Old World." [2]

I have emphasised the reference to the "affiliated" banks because it is one of the most important distinguishing features of modern capitalist concentration. The big enterprises, and the banks in particular, not only completely absorb the small ones, but also "annex" them, subordinate them, bring them into their "own" group or "concern" (to use the technical term) by acquiring "holdings" in their capital, by purchasing or exchanging shares, by a system of credits, etc., etc. Professor Liefmann has written a voluminous "work" of about 500 pages describing modern "holding and finance companies," [3] unfortunately adding very dubious "theoretical" reflections to what is frequently undigested raw material. To what results this "holding" system leads in respect of concentration is best illustrated in the book written on the big German banks by Riesser, himself a banker. But before examining his data, let us quote a concrete example of the "holding" system.

The Deutsche Bank "group" is one of the biggest, if not the biggest, of the big banking groups. In order to trace the main threads which connect all the banks in this group, a distinction must be made between holdings of the first and second and third degree, or what amounts to the same thing, between dependence (of the lesser banks on the Deutsche Bank) in the first, second and third degree. We then obtain the following picture: [4]

The Deutsche Bank has holdings:	Direct or 1 st degree dependence	2 nd degree dependence	3 rd degree dependence
Permanently	in 17 other banks	9 of the 17 have holdings in 34 other banks	4 of the 9 have holdings in 7 other banks
For an indefinite period....	in 5 other banks		
Occasionally....	in 8 other banks	5 of the 8 have holdings in 14 other banks	2 of the 5 have holdings in 2 other banks
Totals.....	in 30 other banks	14 of the 30 have holdings in 48 other banks	6 of the 14 have holdings in 9 other banks

Included in the eight banks “occasionally” dependent on the Deutsche Bank in the “first degree”, are three foreign banks: one Austrian (the Wiener Bankverein) and two Russian (the Siberian Commercial Bank and the Russian Bank for Foreign Trade). Altogether, the Deutsche Bank group comprises, directly and indirectly, partially and totally, 87 banks; and the total capital—its own and that of others which it controls—is estimated at between two and three thousand million marks.

It is obvious that a bank which stands at the head of such a group, and which enters into agreement with half a dozen other banks only slightly smaller than itself for the purpose of conducting exceptionally big and profitable financial operations like floating state loans, has already outgrown the part of “middleman” and has become an association of a handful of monopolists.

The rapidity with which the concentration of banking proceeded in Germany at the turn of the twentieth century is shown by the following data which we quote in an abbreviated form from Riesser:

Six Big Berlin Banks

Year	Branches in Germany	Deposit banks and exchange offices	Constant holding in German joint-stock banks	Total establishments
1895	16	14	1	42
1900	21	40	8	80
1911	104	276	63	450

We see the rapid expansion of a close network of channels which cover the whole country, centralising all capital and all revenues, transforming thousands and thousands of scattered economic enterprises into a single national capitalist, and then into a world capitalist economy. The “decentralisation” that Schulze-Gaevernitz, as an exponent of present-day bourgeois political economy, speaks of in the passage previously quoted, really means the subordination to a single centre of an increasing number of formerly relatively “independent,” or rather, strictly local economic units. In reality it is centralisation, the enhancement of the role, importance and power of monopolist giants.

In the older capitalist countries this “banking network” is still more close. In Great Britain and Ireland, in 1910, there were in all 7,151 branches of banks. Four big banks had more than 400 branches each (from 447 to 689); four had more than 200 branches each, and eleven more than 100 each.

In France, three very big banks, Crédit Lyonnais, the Comptoir National and the Société Générale extended their operations and their network of branches in the following manner.[5]

Year	Number of branches and offices			Capital in million francs	
	In the provinces	In Paris	Total	Own capital	Borrowed capital
1870	47	17	64	200	427
1890	192	66	258	265	1,245
1909	1,033	196	1,229	887	4,363

In order to show the “connections” of a big modern bank, Riesser gives the following figures of the number of letters dispatched and received by the Disconto-Gesellschaft, one of the biggest banks in Germany and in the world (its capital in 1914 amounted to 300 million marks):

	Letters received	Letters dispatched
1852 ...	6,125	6,292
1870 ...	85,800	87,513
1900 ...	533,102	626,043

The number of accounts of the big Paris bank, the Crédit Lyonnais, increased from 28,535 in 1875 to 633,539 in 1912.[6]

These simple figures show perhaps better than lengthy disquisitions how the concentration of capital and the growth of bank turnover are radically changing the significance of the banks. Scattered capitalists are transformed into a single collective capitalist. When carrying the current accounts of a few capitalists, a bank, as it were, transacts a purely technical and exclusively auxiliary operation. When, however, this operation grows to enormous dimensions we find that a handful of monopolists subordinate to their will all the operations, both commercial and industrial, of the whole of capitalist society; for they are enabled by means of their banking connections, their current accounts and other financial operations – first, to ascertain exactly the financial position of the various capitalists, then to control them, to influence them by restricting or enlarging, facilitating or hindering credits, and finally to entirely determine their fate, determine their income, deprive them of capital, or permit them to increase their capital rapidly and to enormous dimensions, etc.

We have just mentioned the 300 million marks capital of the Disconto-Gesellschaft of Berlin. This increase of the capital of the bank was one of the incidents in the struggle for hegemony between two of the biggest Berlin banks - the Deutsche Bank and the Disconto. In 1870, the first was still a novice and had a capital of only 15 million marks, while the second had a capital of 30 million marks. In 1908, the first had a capital of 200 million, while the second had 170 million. In 1914, the first increased its capital to 250 million and the second, by merging with another first-class

big bank, the Schaaffhausenscher Bankverein, increased its capital to 300 million. And, of course, this struggle for hegemony went hand in hand with the more and more frequent conclusion of “agreements” of an increasingly durable character between the two banks. The following are the conclusions that this development forces upon banking specialists who regard economic questions from a standpoint which does not in the least exceed the bounds of the most moderate and cautious bourgeois reformism.

Commenting on the increase of the capital of the Disconto Gesellschaft to 300 million marks, the German review, *Die Bank*, wrote: “Other banks will follow this same path and in time the three hundred men, who today govern Germany economically, will gradually be reduced to fifty, twenty-five or still fewer. It cannot be expected that this latest move towards concentration will be confined to banking. The close relations that exist between individual banks naturally lead to the bringing together of the industrial syndicates which these banks favour.... One fine morning we shall wake up in surprise to see nothing but trusts before our eyes, and to find ourselves faced with the necessity of substituting state monopolies for private monopolies. However, we have nothing to reproach ourselves with, except that we have allowed things to follow their own course, slightly accelerated by the manipulation of stocks.”[7]

This is an example of the impotence of bourgeois journalism which differs from bourgeois science only in that the latter is less sincere and strives to obscure the essence of the matter, to hide the forest behind the trees. To be “surprised” at the results of concentration, to “reproach” the government of capitalist Germany, or capitalist “society” (“ourselves”), to fear that the introduction of stocks and shares might “accelerate” concentration in the same way as the German “cartel” specialist Tschierschky fears the American trusts and “prefers” the German cartels on the grounds that they “may not, like the trusts, excessively accelerate technical and economic progress”[8] – is not all this a sign of impotence?

But facts remain facts. There are no trusts in Germany; there are “only” cartels – but Germany is governed by not more than three hundred magnates of capital, and the number of these is constantly diminishing. At all events, banks greatly intensify and accelerate the process of concentration of capital and the formation of monopolies in all capitalist countries, notwithstanding all the differences in their banking laws.

The banking system “possesses, indeed, the form of universal book-keeping and distribution of means of production on a social scale, but solely the form,” wrote Marx in Capital half a century ago (Russ. trans., Vol. III, part II, p. 144.*) The figures we have quoted on the growth of bank capital, on the increase in the number of the branches and offices of the biggest banks, the increase in the number of their accounts, etc., present a concrete picture of this “universal book-keeping” of the whole capitalist class; and not only of the capitalists, for the banks collect, even though temporarily, all kinds of money revenues – of small businessmen, office clerks, and of a tiny upper stratum of the working class. “Universal distribution of means of production” – that, from the formal aspect, is what grows out of the modern banks, which, numbering some three to six of the biggest in France, and six to eight in Germany, control millions and millions. In substance, however, the distribution of means of production is not at all “universal,” but private, i.e., it conforms to the interests of big capital, and primarily, of huge, monopoly capital, which operates under conditions in which the masses live in want, in which the whole development of agriculture hopelessly lags behind the development of industry, while within industry itself the “heavy industries” exact tribute from all other branches of industry.

In the matter of socialising capitalist economy the savings-banks and post-offices are beginning to compete with the banks; they are more “decentralised,” i.e., their influence extends to a greater number of localities, to more remote places, to wider sections of the population. Here is the data collected by an American commission on the comparative growth of deposits in banks and savings-banks:[9]

Deposits

(000,000,000 marks)

	England		France		Germany		
	Banks	Savings Banks	Banks	Savings Banks	Banks	Credit Societies	Saving Banks
1880...	8.4	1.6	?	0.9	0.5	0.4	2.6
1888...	12.4	2.0	1.5	2.1	1.1	0.4	4.5
1908...	23.2	4.2	3.7	4.2	7.1	2.2	13.9

As they pay interest at the rate of 4 per cent and 4 1/4 per cent on deposits, the savings-banks must seek “profitable” investments for their capital, they must deal in bills, mortgages, etc. The boundaries between the banks and the savings-banks “become more and more obliterated.” The Chambers of Commerce of Bochum and Erfurt, for example, demand that savings-banks be “prohibited” from engaging in “purely” banking business, such as discounting bills; they demand the limitation of the “banking” operations of the post-office.[10] The banking magnates seem to be afraid that state monopoly will steal upon them from an unexpected quarter. It goes without saying, however, that this fear is no more than an expression of the rivalry, so to speak, between two department managers in the same office; for, on the one hand, the millions entrusted to the savings-banks are in the final analysis actually controlled by these very same bank capital magnates, while, on the other hand, state monopoly in capitalist society is merely a means of increasing and guaranteeing the income of millionaires in some branch of industry who are on the verge of bankruptcy.

The change from the old type of capitalism, in which free competition predominated, to the new capitalism, in which monopoly reigns, is - expressed, among other things, by a decline in the importance of the Stock Exchange. The review, *Die Bank*, writes: “The Stock Exchange has long ceased to be the indispensable medium of circulation that it formerly was when the banks were not yet able to place the bulk of new issues with their clients.”[11]

“‘Every bank is a Stock Exchange,’ and the bigger the bank, and the more successful the concentration of banking, the truer does this modern aphorism ring.”[12] “While formerly, in the seventies, the Stock Exchange, flushed with the exuberance of youth” (a “subtle” allusion to the Stock Exchange crash of 1873, the company promotion scandals,** etc.), “opened the era of the industrialisation of Germany, nowadays the banks and industry are able to ‘manage it alone.’ The domination of our big banks over the Stock Exchange ... is nothing else than the expression of the completely organised German industrial state. If the domain of the automatically functioning economic laws is thus restricted, and if the domain of conscious regulation by the banks is considerably enlarged, the national economic responsibility of a few guiding heads is immensely increased,” so writes the German Professor Schulze-Gaevernitz,[13] an apologist of German imperialism, who is regarded as an authority by the

imperialists of all countries, and who tries to gloss over the “mere detail” that the “conscious regulation” of economic life by the banks consists in the fleecing of the public by a handful of “completely organised” monopolists. The task of a bourgeois professor is not to lay bare the entire mechanism, or to expose all the machinations of the bank monopolists, but rather to present them in a favourable light.

In the same way, Riesser, a still more authoritative economist and himself a banker, makes shift with meaningless phrases in order to explain away undeniable facts: “... the Stock Exchange is steadily losing the feature which is absolutely essential for national economy as a whole and for the circulation of securities in particular – that of being not only a most exact measuring-rod, but also an almost automatic regulator of the economic movements which converge on it.”[14]

In other words, the old capitalism, the capitalism of free competition with its indispensable regulator, the Stock Exchange, is passing away. A new capitalism has come to take its place, bearing obvious features of something transient, a mixture of free competition and monopoly. The question naturally arises: into what is this new capitalism “developing”? But the bourgeois scholars are afraid to raise this question.

“Thirty years ago, businessmen, freely competing against one another, performed nine-tenths of the work connected with their business other than manual labour. At the present time, nine-tenths of this ‘brain work’ is performed by employees. Banking is in the forefront of this evolution.”[15] This admission by Schulze-Gaevernitz brings us once again to the question: into what is this new capitalism, capitalism in its imperialist stage, developing?

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Among the few banks which remain at the head of all capitalist economy as a result of the process of concentration, there is naturally to be observed an increasingly marked tendency towards monopolist agreements, towards a bank trust. In America, not nine, but two very big banks, those of the multimillionaires Rockefeller and Morgan, control a capital of eleven thousand million marks.[16] In Germany the absorption of the Schaaffhausenscher Bankverein by the Disconto-Gesellschaft to which I referred above, was commented on in the following terms by the Frankfurter Zeitung,*** an organ of Stock Exchange interests:

“The concentration movement of the banks is narrowing the circle of establishments from which it is possible to obtain credits, and is consequently increasing the dependence of big industry upon a small number of banking groups. In view of the close connection between industry and the financial world, the freedom of movement of industrial companies which need banking capital is restricted. For this reason, big industry is watching the growing trustification of the banks with mixed feelings. Indeed, we have repeatedly seen the beginnings of certain agreements between the individual big banking concerns, which aim at restricting competition.”[17]

Again and again, the final word in the development of banking is - monopoly.

As regards the close connection between the banks and industry, it is - precisely in this sphere that the new role of the banks is, perhaps, most strikingly felt. When a bank discounts a bill for a firm, opens a current - account for it, etc., these operations, taken separately, do not in the least diminish its independence, and the bank plays no other part than that of a - modest middleman. But when such operations are multiplied and become an established practice, when the bank “collects” in its own hands enormous amounts of capital, when the running of a current account for a given firm enables the bank – and this is what happens – to obtain fuller and more detailed information about the economic position of its client, the result is that the industrial capitalist becomes more completely dependent on the bank.

At the same time a personal link-up, so to speak, is established between the banks and the biggest industrial and commercial enterprises, the merging of one with another through the acquisition of shares, through the - appointment of bank directors to the Supervisory Boards (or Boards of - Directors) of industrial and commercial enterprises, and vice versa. The German economist, Jeidels, has compiled most detailed data on this form of concentration of capital and of enterprises. Six of the biggest Berlin banks were represented by their directors in 344 industrial companies; and by their board members in 407 others, making a total of 751 companies. In 289 of these companies they either had two of their representatives on each of the respective Supervisory Boards, or held the posts of chairmen. We find these industrial and commercial companies in the most diverse branches of

industry: insurance, transport, restaurants, theatres, art industry, etc. On the other hand, on the Supervisory Boards of these six banks (in 1910) were fifty-one of the biggest industrialists, including the director of Krupp, of the powerful “Hapag” (Hamburg-Amerika Line), etc., etc. From 1895 to 1910, each of these six banks participated in the share and bond issues of many hundreds of industrial companies (the number ranging from 281 to 419). [18]

The “personal link-up” between the banks and industry is supplemented by the “personal link-up” between both of them and the government. “Seats on Supervisory Boards,” writes Jeidels, “are freely offered to persons of title, also to ex-civil servants, who are able to do a great deal to facilitate (!) relations with the authorities.” . . . “Usually, on the Supervisory Board of a big bank, there is a member of parliament or a Berlin city councillor.”

The building and development, so to speak, of the big capitalist monopolies is therefore going on full steam ahead in all “natural” and “supernatural” ways. A sort of division of labour is being systematically developed amongst the several hundred kings of finance who reign over modern capitalist society:

“Simultaneously with this widening of the sphere of activity of certain big industrialists (joining the boards of banks, etc.) and with the assignment of provincial bank managers to definite industrial regions, there is a growth of specialisation among the directors of the big banks. Generally speaking, this specialisation is only conceivable when banking is conducted on a large scale, and particularly when it has widespread connections with industry. This division of labour proceeds along two lines: on the one hand, relations with industry as a whole are entrusted to one director, as his special function; on the other, each director assumes the supervision of several separate enterprises, or of a group of enterprises in the same branch of industry or having similar interests.... (Capitalism has already reached the stage of organised supervision of individual enterprises.) One specialises in German industry, sometimes even in West German industry alone (the West is the most industrialised part of Germany), others specialise in relations with foreign states and foreign industry, in information on the characters of industrialists and others, in Stock Exchange questions, etc. Besides, each bank director is often assigned a special locality or a special branch of industry; one works chiefly on Supervisory Boards of electric companies,

another, on chemical, brewing, or beet sugar plants, a third, in a few isolated industrial enterprises, but at the same time works on the Supervisory Boards of insurance companies.... In short, there can be no doubt that the growth in the dimensions and diversity of the big banks' operations is accompanied by an increase in the division of labour among their directors with the object (and result) of, so to speak, lifting them somewhat out of pure banking and making them better experts, better judges of the general problems of industry and the special problems of each branch of industry, thus making them more capable of acting within the respective bank's industrial sphere of influence. This system is supplemented by the banks' endeavours to elect to their Supervisory Boards men who are experts in industrial affairs, such as industrialists, former officials, especially those formerly in the railway service or in mining," etc. [19]

We find the same system only in a slightly different form in French banking. For instance, one of the three biggest French banks, the Crédit Lyonnais, has organised a financial research service (*service des études financières*), which permanently employs over fifty engineers, statisticians, economists, lawyers, etc. This costs from six to seven hundred thousand francs annually. The service is in turn divided into eight departments: one specialises in collecting information on industrial establishments, another studies general statistics, a third, railway and steamship companies, a fourth, securities, a fifth, financial reports, etc.[20]

The result is, on the one hand, the ever-growing merger, or, as N. I. Bukharin aptly calls it, coalescence, of bank and industrial capital and, on the other hand, the growth of the banks into institutions of a truly "universal character". On this question I find it necessary to quote the exact terms used by Jeidels, who has best studied the subject:

"An examination of the sum total of industrial relationships reveals the universal character of the financial establishments working on behalf of industry. Unlike other kinds of banks, and contrary to the demand sometimes expressed in the literature that banks should specialise in one kind of business or in one branch of industry in order to prevent the ground from slipping from under their feet – the big banks are striving to make their connections with industrial enterprises as varied as possible in respect of the locality or branches of industry and are striving to eliminate the

unevenness in the distribution of capital among localities and branches of industry resulting from the historical development of individual enterprises.” “One tendency is to make the connections with industry general; another tendency is to make them durable and close. In the six big banks both these tendencies are realised, not in full, but to a considerable extent and to an equal degree.”

Quite often industrial and commercial circles complain of the “terrorism” of the banks. And it is not surprising that such complaints are heard, for the big banks “command,” as will be seen from the following example. On November 19, 1901, one of the big, so-called Berlin “D” banks (the names of the four biggest banks begin with the letter D) wrote to the Board of Directors of the German Central Northwest Cement Syndicate in the following terms: “As we learn from the notice you published in a certain newspaper of the 18th inst., we must reckon with the possibility that the next general meeting of your syndicate, to be held on the 30th of this month, may decide on measures which are likely to effect changes in your enterprise which are unacceptable to us. We deeply regret that, for these reasons, we are obliged henceforth to withdraw the credit which had hitherto been allowed you.... But if the said next general meeting does not decide upon measures which are unacceptable to us, and if we receive suitable guarantees on this matter for the future, we shall be quite willing to open negotiations with you on the grant of a new credit.”[21]

As a matter of fact, this is small capital’s old complaint about being - oppressed by big capital, but in this case it was a whole syndicate that fell into the category of “small” capital! The old struggle between small and big capital is being resumed at a new and immeasurably higher stage of development. It stands to reason that the big banks’ enterprises, worth many millions, can accelerate technical progress with means that cannot possibly be compared with those of the past. The banks, for example, set up special technical research societies, and, of course, only “friendly” industrial enterprises benefit from their work. To this category belong the Electric Railway Research Association, the Central Bureau of Scientific and - Technical Research, etc.

The directors of the big banks themselves cannot fail to see that new conditions of national economy are being created; but they are powerless in the face of these phenomena.

“Anyone who has watched, in recent years,” writes Jeidels, “the changes of incumbents of directorships and seats on the Supervisory Boards of the big banks, cannot fail to have noticed that power is gradually passing into the hands of men who consider the active intervention of the big banks in the general development of industry to be necessary and of increasing importance. Between these new men and the old bank directors, disagreements on this subject of a business and often of a personal nature are growing. The issue is whether or not the banks, as credit institutions, will suffer from this intervention in industry, whether they are sacrificing tried principles and an assured profit to engage in a field of activity which has nothing in common with their role as middlemen in providing credit, and which is leading the banks into a field where they are more than ever before exposed to the blind forces of trade fluctuations. This is the opinion of many of the older bank directors, while most of the young men consider active intervention in industry to be a necessity as great as that which gave rise, simultaneously with big modern industry, to the big banks and modern industrial banking. The two parties are agreed only on one point: that there are neither firm principles nor a concrete aim in the new activities of the big banks.”[22]

The old capitalism has had its day. The new capitalism represents a transition towards something. It is hopeless, of course, to seek for “firm principles and a concrete aim” for the purpose of “reconciling” monopoly with free competition. The admission of the practical men has quite a different ring from the official praises of the charms of “organised” capitalism sung by its apologists, Schulze-Gaevernitz, Liefmann and similar “theoreticians.”

At precisely what period were the “new activities” of the big banks finally established? Jeidels gives us a fairly exact answer to this important question:

“The connections between the banks and industrial enterprises, with their new content, their new forms and their new organs, namely, the big banks which are organised on both a centralised and a decentralised basis, were scarcely a characteristic economic phenomenon before the nineties; in one sense, indeed, this initial date may be advanced to the year 1897, when the important mergers took place and when, for the first time, the new form of decentralised organisation was introduced to suit the industrial policy of the

banks. This starting-point could perhaps be placed at an even later date, for it was the crisis of 1900 that enormously accelerated and intensified the process of concentration of industry and of banking, consolidated that process, for the first time transformed the connection with industry into the actual monopoly of the big banks, and made this connection much closer and more active.”[23]

Thus, the twentieth century marks the turning-point from the old - capitalism to the new, from the domination of capital in general to the domination of finance capital.

Notes

[1] Alfred Lansburgh, “Fünf Jahre deutsches Bankwesen” in Die Bank, 1913, No. 8.

[2] Schulze-Gaevernitz, “Die deutsche Kreditbank” in “Grundriss der - Sozialökonomik”, Tübingen, 1915, 137.

[3] R. Liefmann, *Beteiligungs- und Finanzierungsgesellschaften. Eine Studie über den modernen Kapitalismus und das Effektenwesen*, I., Jena, 1909, 212.

[4] Alfred Lansburgh, “Das Beteiligungssystem im deutschen Bankwesen”, in Die Bank, 1910, 500.

[5] Eugen Kaufmann, *Das französische Bankwesen*, Tübingen, 1911, 356 and 362

[6] Jean Lescure, *L'épargne en France*, Paris, 1914, p. 52.

[7] A. Lansburgh, “Die Bank mit den 300 Millionen” in Die Bank, 1914, p. 426

[8] S. Tschierschky, *op. cit.*, 128.

[9] Statistics of the National Monetary Commission, quoted in Die Bank, 1910, S. 1200.

[10] Die Bank, 1913, S 811.

[11] Die Bank, 1914, S 316.

[12] Dr. Oscar Stillich, *Geld- und Bankwesen*, Berlin, 1907, S. 169.

[13] Schulze-Gaevernitz, “Die deutsche Kreditbank” in *Grundriss der - Sozialökonomik*, Tübingen, 1915, S. 101

[14] Riesser, *op. cit.*, 4th ed., S 629.

[15] Schulze-Gaevernitz, “Die deutsche Kreditbank” in Grundriss der - Sozialökonomik, Tübingen, 1915, S. 151

[16] Die Bank, 1912, S. 435.

[17] Quoted by Schulze-Gaevernitz, op. cit., S 155

[18] Jeidels, op. cit.; Riesser, op. cit.

[19] Jeidels, op. cit., S 156-57

[20] An article by Eug. Kaufmann on French banks in Die Bank, 1909, 2, S 851 et. seq.

[21] Dr. Oscar Stillich, Geld- und Bankwesen, Berlin, 1907, S. 147.

[22] Jeidels, op. cit., S 183-84

[23] ibid, S. 181.

* Karl Marx, Capital, Ger. ed., Berlin, 1959, Vol. III, p. 655. p. 39

** **Company promotion scandals** (Germany, 1870s) Scandals that occurred during the period of the intense floating of joint-stock companies in Germany in the beginning of the seventies of the 19th century. The promotion of these companies was accompanied by swindling and wild speculation in real estate and securities.

*** **Frankfurter Zeitung und Handelsblatt** The “Frankfurt Gazette and Commerical Sheet” was a bourgeois financial daily published from 1856 (under this name from 1866) to 1943. The paper resumed publication in 1949 under the title of the Frankfurter Allgemeine Zeitung, in West Germany.

Chapter III

Finance Capital and the Financial Oligarchy

‘ A steadily increasing proportion of capital in industry,” writes Hilferding, “ceases to belong to the industrialists who employ it. They obtain the use of it only through the medium of the banks which, in relation to them, represent the owners of the capital. On the other hand, the bank is forced to sink an increasing share of its funds in industry. Thus, to an ever greater degree the banker is being transformed into an industrial capitalist. This bank capital, i.e., capital in money form, which is thus actually transformed into industrial capital, I call ‘finance capital’.” “Finance capital is capital controlled by banks and employed by industrialists.”[1]

This definition is incomplete insofar as it is silent on one extremely important fact—on the increase of concentration of production and of capital to such an extent that concentration is leading, and has led, to monopoly. But throughout the whole of his work, and particularly in the two chapters preceding the one from which this definition is taken, Hilferding stresses the part played by *capitalist monopolies*.

The concentration of production; the monopolies arising therefrom; the merging or coalescence of the banks with industry – such is the history of the rise of finance capital and such is the content of that concept.

We now have to describe how, under the general conditions of commodity production and private property, the “business operations” of capitalist monopolies inevitably lead to the domination of a financial oligarchy. It should be noted that German – and not only German – bourgeois scholars, like Riesser, Schulze-Gaevernitz, Liefmann and others, are all apologists of imperialism and of finance capital. Instead of revealing the “mechanics” of the formation of an oligarchy, its methods, the size of its revenues “impeccable and peccable,” its connections with parliaments etc., etc., they obscure or gloss over them. They evade these “vexed questions” by pompous and vague phrases, appeals to the “sense of responsibility” of bank directors, by praising “the sense of duty” of Prussian officials, giving serious study to the petty details of absolutely ridiculous parliamentary bills for the “supervision” and “regulation” of monopolies, playing spillikins with theories, like, for example, the following “scholarly” definition,

arrived at by Professor Liefmann: ***“Commerce is an occupation having for its object the collection, storage and supply of goods.”***^[2] (The Professor’s bold-face italics.) . . . From this it would follow that commerce existed in the time of primitive man, who knew nothing about exchange, and that it will exist under socialism!

But the monstrous facts concerning the monstrous rule of the financial oligarchy are so glaring that in all capitalist countries, in America, France and Germany, a whole literature has sprung up, written from the bourgeois point of view, but which, nevertheless, gives a fairly truthful picture and criticism – petty-bourgeois, naturally – of this oligarchy.

Paramount importance attaches to the “holding system,” already briefly referred to above. The German economist, Heymann, probably the first to call attention to this matter, describes the essence of it in this way:

“The head of the concern controls the principal company (literally: the “mother company”); the latter reigns over the subsidiary companies (“daughter companies”) which in their turn control still other subsidiaries (“grandchild companies”), etc. In this way, it is possible with a comparatively small capital to dominate immense spheres of production. Indeed, if holding 50 per cent of the capital is always sufficient to control a company, the head of the concern needs only one million to control eight million in the second subsidiaries. And if this ‘interlocking’ is extended, it is possible with one million to control sixteen million, thirty-two million, etc.”^[3]

As a matter of fact, experience shows that it is sufficient to own 40 per cent of the shares of a company in order to direct its affairs,^[4] since in practice a certain number of small, scattered shareholders find it impossible to attend general meetings, etc. The “democratisation” of the ownership of shares, from which the bourgeois sophists and opportunist so-called “Social-Democrats” expect (or say that they expect) the “democratisation of capital,” the strengthening of the role and significance of small scale production, etc., is, in fact, one of the ways of increasing the power of the financial oligarchy. Incidentally, this is why, in the more advanced, or in the older and more “experienced” capitalist countries, the law allows the issue of shares of smaller denomination. In Germany, the law does not permit the issue of shares of less than one thousand marks denomination, and the magnates of German finance look with an envious eye at Britain, where the

issue of one-pound shares (= 20 marks, about 10 rubles) is permitted. - Siemens, one of the biggest industrialists and “financial kings” in Germany, told the Reichstag on June 7, 1900, that “the one-pound share is the basis of British imperialism.”^[5] This merchant has a much deeper and more “-Marxist” understanding of imperialism than a certain disreputable writer who is held to be one of the founders of Russian Marxism and believes that imperialism is a bad habit of a certain nation....

But the “holding system” not only serves enormously to increase the power of the monopolists; it also enables them to resort with impunity to all sorts of shady and dirty tricks to cheat the public, because formally the - directors of the “mother company” are not legally responsible for the “daughter company”, which is supposed to be “independent”, and *through the medium* of which they can “pull off” *anything*. Here is an example taken from the German review, *Die Bank*, for May 1914:

“The Spring Steel Company of Kassel was regarded some years ago as being one of the most profitable enterprises in Germany. Through bad management its dividends fell from 15 per cent to nil. It appears that the Board, without consulting the shareholders, had loaned six million marks to one of its ‘daughter companies’, the Hassia Company, which had a nominal capital of only some hundreds of thousands of marks. This commitment, amounting to nearly treble the capital of the ‘mother company’, was never mentioned in its balance-sheets. This omission was quite legal and could be hushed up for two whole years because it did not violate any point of company law. The chairman of the Supervisory Board, who as the responsible head had signed the false balance-sheets, was, and still is, the president of the Kassel Chamber of Commerce. The shareholders only heard of the loan to the Hassia Company long afterwards, when it had been proved to be a mistake”... (the writer should put this word in inverted commas) ... “and when Spring Steel shares dropped nearly 100 per cent, because those in the know were getting rid of them....

“*This typical example of balance-sheet jugglery, quite common in joint-stock companies, explains why their Boards of Directors are willing to undertake risky transactions with a far lighter heart than individual businessmen. Modern methods of drawing up balance-sheets not only make it possible to conceal doubtful undertakings from the ordinary shareholder, but also allow the people most concerned to escape the consequence of*

unsuccessful speculation by selling their shares in time when the individual businessman risks his own skin in everything he does....

“The balance-sheets of many joint-stock companies put us in mind of the palimpsests of the Middle Ages from which the visible inscription had first to be erased in order to discover beneath it another inscription giving the real meaning of the document. [Palimpsests are parchment documents from which the original inscription has been erased and another inscription imposed.]

“The simplest and, therefore, most common procedure for making balance-sheets indecipherable is to divide a single business into several parts by setting up ‘daughter companies’ – or by annexing them. The advantages of this system for various purposes – legal and illegal – are so evident that big companies which do not employ it are quite the exception.”^[6]

As an example of a huge monopolist company that extensively employs this system, the author quotes the famous General Electric Company (the A.E.G., to which I shall refer again later on). In 1912, it was calculated that this company held shares in 175 to 200 other companies, dominating them, of course, and thus controlling a total capital of about *1,500 million marks*.
[7]

None of the rules of control, the publication of balance-sheets, the drawing up of balance-sheets according to a definite form, the public auditing of accounts, etc., the things about which well-intentioned professors and officials – that is, those imbued with the good intention of defending and prettyfying capitalism – discourse to the public, are of any avail; for private property is sacred, and no one can be prohibited from buying, selling, exchanging or hypothecating shares, etc.

The extent to which this “holding system” has developed in the big Russian banks may be judged by the figures given by E. Agalid, who for fifteen years was an official of the Russo-Chinese Bank and who, in May 1914, published a book, not altogether correctly entitled *Big Banks and the World Market*.^[8] The author divides the big Russian banks into two main groups: (a) banks that come under the “holding system,” and (b) “independent” banks – “independence” however, being arbitrarily taken to mean independence of foreign banks. The author divides the first group into three subgroups: (1) German holdings, (2) British holdings, and (3) French

holdings, having in view the “holdings” and domination of the big foreign banks of the particular country mentioned. The author divides the capital of the banks into “productively” invested capital (industrial and commercial undertakings), and “speculatively” invested capital (in Stock Exchange and financial operations), assuming, from his petty-bourgeois reformist point of view, that it is possible, under capitalism, to separate the first form of investment from the second and to abolish the second form.

Here are the figures he supplies:

Bank assets
(According to Reports for October-November 1912)
in millions of rubles

Groups of Russian banks	Capital Invested		
	Productively	Speculatively	Total
a 1) Four banks: Siberian Commercial, Russian, International, and Discount Bank.	413.7	859.1	1,272.8
a 2) Two banks: Commercial and Industrial, and Russo-British	239.3	169.1	408.4
a 3) Five banks: Russian-Asiatic, St. Petersburg Private, Azov-Don, Union Moscow, Russo-French Commercial	711.8	661.2	1,373.0
(11 banks) Total: a) =	1,364.8	1,689.4	3,054.2
b) Eight banks: Moscow Merchants, Volga-Kama, Junker and Co., St. Petersburg Commercial (frmly Wawelberg), Bank of Moscow (frmly Ryabushinsky), Moscow Discount, Moscow Commercial, Moscow Private	504.2	391.1	895.3
(10 banks) Total	1,869.0	2,080.5	3,949.5

According to these figures, of the approximately 4,000 million rubles making up the “working” capital of the big banks, *more than three-fourths*, more than 3,000 million, belonged to banks which in reality were only “daughter companies” of foreign banks, and chiefly of Paris banks (the -

famous trio: Union Parisienne, Paris et Pays-Bas and Société Générale), and of Berlin banks (particularly the Deutsche Bank and Disconto--Gesellschaft). Two of the biggest Russian banks, the Russian (Russian Bank for Foreign Trade) and the International (St. Petersburg International Commercial Bank), between 1906 and 1912 increased their capital from 44 to 98 million rubles, and their reserves from 15 million to 39 million “employing three-fourths German capital.” The first bank belongs to the Berlin Deutsche Bank “concern” and the second to the Berlin Disconto-Gesellschaft. The worthy Agahd is deeply indignant at the majority of the shares being held by the Berlin banks, so that the Russian shareholders are, therefore, powerless. Naturally, the country which exports capital skims the cream; for example, the Berlin Deutsche Bank, before placing the shares of the Siberian Commercial Bank on the Berlin market, kept them in its portfolio for a whole year, and then sold them at the rate of 193 for 100, that is, at nearly twice their nominal value, “earning” a profit of nearly six million rubles, which Hilferding calls “promoter’s profits.”

Our author puts the total “capacity” of the principal St. Petersburg banks at 8,235 million rubles, well over 8,000 million, and the “holdings,” or - rather, the extent to which foreign banks dominated them, he estimates as follows: French banks, 55 per cent; British, 10 per cent; German, 35 per cent. The author calculates that of the total of 8,235 million rubles of functioning capital, 3,687 million rubles, or over 40 per cent, fall to the share of the Prodigol and Prodamet syndicates and the syndicates in the oil, metallurgical and cement industries. Thus, owing to the formation of capitalist monopolies, the merging of bank and industrial capital has also made enormous strides in Russia.

Finance capital, concentrated in a few hands and exercising a virtual monopoly, exacts enormous and ever-increasing profits from the floating of companies, issue of stock, state loans, etc., strengthens the domination of the financial oligarchy and levies tribute upon the whole of society for the benefit of monopolists. Here is an example, taken from a multitude of others, of the “business” methods of the American trusts, quoted by Hilferding. In 1887, Havemeyer founded the Sugar Trust by amalgamating fifteen small firms, whose total capital amounted to 6,500,000 dollars. Suitably “watered,” as the Americans say, the capital of the trust was declared to be 50 million dollars. This “overcapitalisation” anticipated the monopoly profits, in the same way as the United States Steel Corporation

anticipates its monopoly profits in buying up as many iron ore fields as possible. In fact, the Sugar Trust set up monopoly prices, which secured it such profits that it could pay 10 per cent dividend on capital “watered” *sevenfold, or about 70 per cent on the capital actually invested at the time the trust was formed!* In 1909, the capital of the Sugar Trust amounted to 90 million dollars. In twenty-two years, it had increased its capital more than tenfold.

In France the domination of the “financial oligarchy” (*Against the Financial Oligarchy in France*, the title of the well-known book by Lysis, the fifth edition of which was published in 1908) assumed a form that was only slightly different. Four of the most powerful banks enjoy, not a relative, but an “absolute monopoly” in the issue of bonds. In reality, this is a “trust of big banks.” And monopoly ensures monopoly profits from bond issues. Usually a borrowing country does not get more than 90 per cent of the sum of the loan, the remaining 10 per cent goes to the banks and other middlemen. The profit made by the banks out of the Russo-Chinese loan of 400 million francs amounted to 8 per cent; out of the Russian (1904) loan of 800 million francs the profit amounted to 10 per cent; and out of the Moroccan (1904) loan of 62,500,000 francs it amounted to 18.75 per cent. Capitalism, which began its development with petty usury capital, is ending its development with gigantic usury capital. “The French,” says Lysis, “are the usurers of Europe.” All the conditions of economic life are being profoundly modified by this transformation of capitalism. With a stationary population, and stagnant industry, commerce and shipping, the “country” can grow rich by usury. “Fifty persons, representing a capital of eight million francs, can control 2,000 million francs deposited in four banks.” The “holding system,” with which we are already familiar, leads to the same result. One of the biggest banks, the Société Générale for instance, issues 64,000 bonds for its “daughter company,” the Egyptian Sugar Refineries. The bonds are issued at 150 per cent, i.e., the bank gains 50 centimes on the franc. The dividends of the new company were found to be fictitious, the “public” lost from 90 to 100 million francs. “One of the directors of the Société Générale was a member of the board of directors of the Sugar Refineries.” It is not surprising that the author is driven to the conclusion that “the French Republic is a financial monarchy”; “it is the complete domination of the financial oligarchy; the latter dominates over the press and the government.”^[9]

The extraordinarily high rate of profit obtained from the issue of bonds, which is one of the principal functions of finance capital, plays a very important part in the development and consolidation of the financial oligarchy. “There is not a single business of this type within the country that brings in profits even approximately equal to those obtained from the floatation of foreign loans,” says *Die Bank*.^[10]

“No banking operation brings in profits comparable with those obtained from the issue of securities!” According to the *German Economist*, the average annual profits made on the issue of industrial stock were as follows:

1895	38.6 percent	1998	67.7 percent
1896	36.1	1899	66.9
1897	66.7	1990	55.2

“In the ten years from 1891 to 1900, more than a thousand million marks were ‘earned’ by issuing German industrial stock.”^[11]

During periods of industrial boom, the profits of finance capital are immense, but during periods of depression, small and unsound businesses go out of existence, and the big banks acquire “holdings” in them by buying them up for a mere song, or participate in profitable schemes for their “reconstruction” and “reorganisation.” In the “reconstruction” of undertakings which have been running at a loss, “the share capital is written down, that is, profits are distributed on a smaller capital and continue to be calculated on this smaller basis. Or, if the income has fallen to zero, new capital is called in, which, combined with the old and less remunerative capital, will bring in an adequate return.” “Incidentally,” adds Hilferding, “all these reorganisations and reconstructions have a twofold significance for the banks: first, as profitable transactions; and secondly, as opportunities for securing control of the companies in difficulties.”^[12]

Here is an instance. The Union Mining Company of Dortmund was founded in 1872. Share capital was issued to the amount of nearly 40 million marks and the market price of the shares rose to 170 after it had paid a 12 per cent dividend for its first year. Finance capital skimmed the cream and earned a trifle of something like 28 million marks. The principal

sponsor of this company was that very big German Disconto-Gesellschaft which so successfully attained a capital of 300 million marks. Later, the dividends of the Union declined to nil; the shareholders had to consent to a “writing down” of capital, that is, to losing some of it in order not to lose it all. By a series of “reconstructions,” more than 73 million marks were written off the books of the Union in the course of thirty years. “At the present time, the original shareholders of the company possess only 5 per cent of the nominal value of their shares”^[13] but the banks “earned something” out of every “reconstruction.”

Speculation in land situated in the suburbs of rapidly growing big towns is a particularly profitable operation for finance capital. The monopoly of the banks merges here with the monopoly of ground-rent and with monopoly of the means of communication, since the rise in the price of land and the possibility of selling it profitably in lots, etc., is mainly dependent on good means of communication with the centre of the town; and these means of communication are in the hands of large companies which are connected with these same banks through the holding system and the distribution of seats on the boards. As a result we get what the German writer, L. Eschwege, a contributor to *Die Bank* who has made a special study of real estate business and mortgages, etc., calls a “bog.” Frantic speculation in suburban building lots; collapse of building enterprises like the Berlin firm of Boswau and Knauer, which acquired as much as 100 million marks with the help of the “sound and solid” Deutsche Bank – the latter, of course, acting through the holding system, i.e., secretly, behind the scenes – and got out of it with a loss of “only” 12 million marks, then the ruin of small proprietors and of workers who get nothing from the fictitious building firms, fraudulent deals with the “honest” Berlin police and administration for the purpose of gaining control of the issue of cadastral certificates, building licences, etc., etc.^[14]

“American ethics,” which the European professors and well-meaning bourgeois so hypocritically deplore, have, in the age of finance capital, become the ethics of literally every large city in any country.

At the beginning of 1914, there was talk in Berlin of the formation of a “transport trust,” i.e., of establishing “community of interests” between the three Berlin transport undertakings: the city electric railway, the tramway company and the omnibus company. “We have been aware,” wrote Die

Bank, “that this plan was contemplated ever since it became known that the majority of the shares in the bus company had been acquired by the other two transport companies.... We may fully believe those who are pursuing this aim when they say that by uniting the transport services, they will secure economies, part of which will in time benefit the public. But the question is complicated by the fact that behind the transport trust that is being formed are the banks, which, if they desire, can subordinate the means of transportation, which they have monopolised, to the interests of their real estate business. To be convinced of the reasonableness of such a conjecture, we need only recall that the interests of the big banks that encouraged the formation of the Electric Railway Company were already involved in it at the time the company was formed. That is to say: the interests of this transport undertaking were interlocked with the real estate interests. The point is that the eastern line of this railway was to run across land which this bank sold at an enormous profit for itself and for several partners in the transactions when it became certain the line was to be laid down.”^[15]

A monopoly, once it is formed and controls thousands of millions, inevitably penetrates into every sphere of public life, regardless of the form of government and all other “details.” In German economic literature one usually comes across obsequious praise of the integrity of the Prussian bureaucracy, and allusions to the French Panama scandal and to political corruption in America. But the fact is that even bourgeois literature devoted to German banking matters constantly has to go far beyond the field of purely banking operations; it speaks, for instance, about “the attraction of the banks” in reference to the increasing frequency with which public officials take employment with the banks, as follows: “How about the integrity of a state official who in his innermost heart is aspiring to a soft job in the Behrenstrasse?”^[16] (The Berlin street where the head office of the Deutsche Bank is situated.) In 1909, the publisher of *Die Bank*, Alfred Lansburgh, wrote an article entitled “The Economic Significance of Byzantinism,” in which he incidentally referred to Wilhelm II’s tour of Palestine, and to “the immediate result of this journey, the construction of the Baghdad railway, that fatal ‘great product of German enterprise’, which is more responsible for the ‘encirclement’ than all our political blunders put together”.^[17] (By encirclement is meant the policy of Edward VII to isolate Germany and surround her with an imperialist anti-German alliance.) In

1911, Eschwege, the contributor to this same magazine to whom I have already referred, wrote an article entitled “Plutocracy and Bureaucracy,” in which he exposed, for example, the case of a German official named Völker, who was a zealous member of the Cartel Committee and who, it turned out some time later, obtained a lucrative post in the biggest cartel, the Steel Syndicate. Similar cases, by no means casual, forced this bourgeois author to admit that “the economic liberty guaranteed by the German Constitution has become in many departments of economic life, a meaningless phrase” and that under the existing rule of the plutocracy, “even the widest political liberty cannot save us from being converted into a nation of unfree people.”^[18]

As for Russia, I shall confine myself to one example. Some years ago, all the newspapers announced that Davydov, the director of the Credit Department of the Treasury, had resigned his post to take employment with a certain big bank at a salary which, according to the contract, would total over one million rubles in the course of several years. The Credit Department is an institution, the function of which is to “co-ordinate the activities of all the credit institutions of the country” and which grants subsidies to banks in St. Petersburg and Moscow amounting to between 800 and 1,000 million rubles.”^[19]

It is characteristic of capitalism in general that the ownership of capital is separated from the application of capital to production, that money capital is separated from industrial or productive capital, and that the rentier who lives entirely on income obtained from money capital, is separated from the entrepreneur and from all who are directly concerned in the management of capital. Imperialism, or the domination of finance capital, is that highest stage of capitalism in which this separation reaches vast proportions. The supremacy of finance capital over all other forms of capital means the predominance of the rentier and of the financial oligarchy; it means that a small number of financially “powerful” states stand out among all the rest. The extent to which this process is going on may be judged from the statistics on emissions, i.e., the issue of all kinds of securities.

In the Bulletin of the International Statistical Institute, A. Neymarck^[20] has published very comprehensive, complete and comparative figures covering the issue of securities all over the world, which have been

repeatedly quoted in part in economic literature. The following are the totals he gives for four decades:

Total Issues in billions of Francs per decade

1871-80 76.1	1891-1900 100.4
1881-90 64.5.	1901-1910 197.8

In the 1870s the total amount of issues for the whole world was high, owing particularly to the loans floated in connection with the Franco--Prussian War, and the company-promotion boom which set in in Germany after the war. On the whole, the increase was relatively not very rapid during the three last decades of the nineteenth century, and only in the first ten years of the twentieth century is an enormous increase of almost 100 per cent to be observed. Thus the beginning of the twentieth century marks the turning-point, not only in the growth of monopolies (cartels, syndicates, trusts), of which we have already spoken, but also in the growth of finance capital.

Neymarck estimates the total amount of issued securities current in the world in 1910 at about 815,000 million francs. Deducting from this sum amounts which might have been duplicated, he reduces the total to 575,000-600,000 million, which is distributed among the various countries as - follows (I take 600,000 million):

Financial Securities Current In 1910

(in billions of francs)

Great Britain	142	Holland	12.5
United States	132	Belgium	7.5
France	110	Spain	7.5
Germany	95	Switzerland	6.25
Russia	31	Denmark	3.75
Austria-Hungary	24	Sweden	
Italy	14	Norway,	
Japan	12	Romania,	2.5

From these figures we at once see standing out in sharp relief four of the richest capitalist countries, each of which holds securities to amounts ranging approximately from 100,000 to 150,000 million francs. Of these four countries, two, Britain and France, are the oldest capitalist countries, and, as we shall see, possess the most colonies; the other two, the United States and Germany, are capitalist countries leading in the rapidity of development and the degree of extension of capitalist monopolies in industry. Together, these four countries own 479,000 million francs, that is, nearly 80 per cent of the world's finance capital. In one way or another, nearly the whole of the rest of the world is more or less the debtor to and tributary of these international banker countries, these four "pillars" of world finance capital.

It is particularly important to examine the part which the export of - capital plays in creating the international network of dependence on and connections of finance capital.

Notes

[1] R. Hilferding, *Finance Capital*, Moscow, 1912 (in Russian), pp. 338-39.

[2] R. Liefmann, *op. cit.*, S. 476.

[3] Hans Gideon Heymann, *Die gemischten Werke im deutschen Grosseisengewerbe* Stuttgart, 1904, S. 268-69.

- [4] Liefmann, *Beteiligungsgesellschaften*, etc., S. 258 of the first edition.
- [5] Schulze-Gaevernitz in *Grundriss der Sozialökonomik*, V, 2, S. 110.
- [6] L. Eschwege, "Tochtergesellschaften" in *Die Bank*, 1914, S.545
- [7] Kurt Heinig, "Der Weg des Elektrotrusts" in *Die Neue Zeit*, 1912, 30. S. 484
- [8] E. Agahd, *Grossbanken und Weltmarkt. Die wirtschaftliche und politische Bedeutung der Grossbanken im Weltmarkt unter Berücksichtigung ihres Einflusses auf Russlands Volkswirtschaft und die deutsche-russischen Beziehungen*, Berlin, 1914
- [9] Lysis, *Contre l'oligarchie financière en France*, 5 ed. Paris, 1908, pp. 11, 12, 26, 39, 40, 48.
- [10] *Die Bank*, 1913, No. 7, S. 630.
- [11] Stillich, *op. cit.*, S. 143, also W. Sombart, *Die deutsche Volkswirtschaft im 19. Jahrhundert*, 2. Aufl., 1909, S. 526, Anlage 8.
- [12] *Finance Capital*, p. 172.
- [13] Stillich, *op. cit.*, S. 138 and Liefmann, *op. cit.*, S. 51.
- [14] In *Die Bank*, 1913, S. 952, L. Eschwege, *Der Sumpf*; *ibid.*, 1912, 1, S. 223 et seq.
- [15] "Verkehrstrust" in *Die Bank*, 1914, 1, S. 89.
- [16] "Der Zug zur Bank" in *Die Bank*, 1909, 1, S. 79.
- [17] *ibid.*, S. 301.
- [18] *ibid.*, 1911, 2, S. 825; 1913, 2, S. 962.
- [19] E. Agahd, *op. cit.*, S. 202.
- [20] *Bulletin de l'institut international de statistique*, t. XIX, livr. II, La Haye, 1912. Data concerning small states, second column, are estimated by adding 20 per cent to the 1902 figures.

Chapter IV

Export of Capital

Typical of the old capitalism, when free competition held undivided sway, was the export of goods. Typical of the latest stage of capitalism, when monopolies rule, is the export of capital.

Capitalism is commodity production at its highest stage of development, when labour-power itself becomes a commodity. The growth of internal exchange, and, particularly, of international exchange, is a characteristic feature of capitalism. The uneven and spasmodic development of individual enterprises, individual branches of industry and individual countries is inevitable under the capitalist system. England became a capitalist country before any other, and by the middle of the nineteenth century, having adopted free trade, claimed to be the “workshop of the world,” the supplier of manufactured goods to all countries, which in exchange were to keep her provided with raw materials. But in the last quarter of the nineteenth century, this monopoly was already undermined; for other countries, sheltering themselves with “protective” tariffs, developed into independent capitalist states. On the threshold of the twentieth century we see the formation of a new type of monopoly: firstly, monopolist associations of capitalists in all capitalistically developed countries; secondly, the monopolist position of a few very rich countries, in which the accumulation of capital has reached gigantic proportions. An enormous “surplus of capital” has arisen in the advanced countries.

It goes without saying that if capitalism could develop agriculture, which today is everywhere lagging terribly behind industry, if it could raise the living standards of the masses, who in spite of the amazing technical progress are everywhere still half-starved and poverty-stricken, there could be no question of a surplus of capital. This “argument” is very often advanced by the petty-bourgeois critics of capitalism. But if capitalism did these things it would not be capitalism; for both uneven development and a semi-starvation level of existence of the masses are fundamental and inevitable conditions and constitute premises of this mode of production. As long as capitalism remains what it is, surplus capital will be utilised not for the purpose of raising the standard of living of the masses in a given

country, for this would mean a decline in profits for the capitalists, but for the purpose of increasing profits by exporting capital abroad to the backward countries. In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap. The export of capital is made possible by a number of backward countries having already been drawn into world capitalist intercourse; main railways have either been or are being built in those countries, elementary conditions for industrial development have been created, etc. The need to export capital arises from the fact that in a few countries capitalism has become “overripe” and (owing to the backward state of agriculture and the poverty of the masses) capital cannot find a field for “profitable” investment.

Here are approximate figures showing the amount of capital invested abroad by the three principal countries^[1]:

Capital Invested Abroad

(In billions of francs)

Year	Great Britain	France	Germany
1862	3.6		
1872	15.0	10 (1869)	
1882	22.0	15 (1880)	?
1893	42.0	20 (1890)	?
1902	62.0	27-37	12.5
1914	75-100.0	60	44.0

This table shows that the export of capital reached enormous dimensions only at the beginning of the twentieth century. Before the war the capital - invested abroad by the three principal countries amounted to between 175,000 million and 200,000 million francs. At the modest rate of 5 per cent, the income from this sum should reach from 8,000 to 10,000 million francs a year – a sound basis for the imperialist oppression and exploitation of most of the countries and nations of the world, for the capitalist parasitism of a handful of wealthy states!

How is this capital invested abroad distributed among the various - countries? Where is it invested? Only an approximate answer can be given to these questions, but it is one sufficient to throw light on certain general relations and connections of modern imperialism.

Distribution of Foreign Capital in Different Parts of the Globe

(Approximate – circa 1910 in billions of marks)

	Great Britian	France	Germany	Total
Europe	4	23	18	45
America	37	4	10	51
Asia Africa, Africa and Australia	29	8	7	44
Total	70	35	35	140

The principal spheres of investment of British capital are the British colonies, which are very large also in America (for example, Canada), not to mention Asia, etc. In this case, enormous exports of capital are bound up most closely with vast colonies, of the importance of which for imperialism I shall speak later. In the case of France the situation is different. French capital exports are invested mainly in Europe, primarily in Russia (at least ten thousand million francs). This is mainly loan capital, government loans, and not capital invested in industrial undertakings. Unlike British colonial imperialism, French imperialism might be termed usury imperialism. In the case of Germany, we have a third type; colonies are inconsiderable, and German capital invested abroad is divided most evenly between Europe and America.

The export of capital influences and greatly accelerates the development of capitalism in those countries to which it is exported. While, therefore, the export of capital may tend to a certain extent to arrest development in the capital-exporting countries, it can only do so by expanding and deepening the further development of capitalism throughout the world.

The capital-exporting countries are nearly always able to obtain certain “advantages,” the character of which throws light on the peculiarity of the epoch of finance capital and monopoly. The following passage, for instance, appeared in the Berlin review, *Die Bank*, for October 1913:

“A comedy worthy of the pen of Aristophanes is lately being played on the international capital market. Numerous foreign countries, from Spain to the Balkan states, from Russia to Argentina, Brazil and China, are openly or secretly coming into the big money market with demands, sometimes very persistent, for loans. The money markets are not very bright at the moment and the political outlook is not promising. But not a single money market dares to refuse a loan for fear that its neighbour may forestall it, consent to grant a loan and so secure some reciprocal service. In these international transactions the creditor nearly always manages to secure some extra - benefit: a favourable clause in a commercial treaty, a coaling station, a contract to construct a harbour, a fat concession, or an order for guns.”^[2]

Finance capital has created the epoch of monopolies, and monopolies introduce everywhere monopolist principles: the utilisation of “connections” for profitable transactions takes the place of competition on the open market. The most usual thing is to stipulate that part of the loan granted shall be spent on purchases in the creditor country, particularly on orders for war materials, or for ships, etc. In the course of the last two decades (1890-1910), France has very often resorted to this method. The export of capital thus becomes a means of encouraging the export of commodities. In this connection, transactions between particularly big firms assume a form which, as Schilder^[3] “mildly” puts it, “borders on corruption.” Krupp in Germany, Schneider in France, Armstrong in Britain are instances of firms which have close connections with powerful banks and governments and which cannot easily be “ignored” when a loan is being arranged.

France, when granting loans to Russia, “squeezed” her in the commercial treaty of September 16, 1905, stipulating for certain concessions to run till 1917. She did the same in the commercial treaty with Japan of August 19, 1911. The tariff war between Austria and Serbia, which lasted, with a seven months’ interval, from 1906 to 1911, was partly caused by Austria and France competing to supply Serbia with war materials. In January 1912, Paul Deschanel stated in the Chamber of Deputies that from 1908 to 1911 French firms had supplied war materials to Serbia to the value of 45 million francs.

A report from the Austro-Hungarian Consul at San-Paulo (Brazil) states: “The Brazilian railways are being built chiefly by French, Belgian, British

and German capital. In the financial operations connected with the construction of these railways the countries involved stipulate for orders for the necessary railway materials.”

Thus finance capital, literally, one might say, spreads its net over all countries of the world. An important role in this is played by banks founded in the colonies and by their branches. German imperialists look with envy at the “old” colonial countries which have been particularly “successful” in providing for themselves in this respect. In 1904, Great Britain had 50 colonial banks with 2,279 branches (in 1910 there were 72 banks with 5,449 branches), France had 20 with 136 branches; Holland, 16 with 68 branches; and Germany had “only” 13 with 70 branches.^[4] The American capitalists, in their turn, are jealous of the English and German: “In South America,” they complained in 1915, “five German banks have forty branches and five British banks have seventy branches.... Britain and Germany have invested in Argentina, Brazil, and Uruguay in the last twenty-five years approximately four thousand million dollars, and as a result together enjoy 46 per cent of the total trade of these three countries.”^[5]

The capital-exporting countries have divided the world among themselves in the figurative sense of the term. But finance capital has led to the actual division of the world.

Notes

[1] Hobson, *Imperialism*, London, 1902, p. 58; Riesser, *op. cit.*, S. 395 und 404; P. Arndt in *Weltwirtschaftliches Archiv*, Bd. 7, 1916, S. 35; Neymarck in *Bulletin*; Hilferding, *Finance Capital*, p. 492; Lloyd George, *Speech in the House of Commons*, May 4, 1915. reported in the *Daily Telegraph*, May 5, 1915; B. Harms, *Probleme der Weltwirtschaft*, Jena, 1912, S. 235 et seq.; Dr. Siegmund Schilder, *Entwicklungstendenzen der Weltwirtschaft*, Berlin, 1912, Band 1, S. 150; George Paish, “Great Britain’s Capital Investments, etc.”, in *Journal of the Royal Statistical Society*, Vol. LXXIV, 1910-11, P. 167 et seq.; Georges Diouritch, *L’Expansion des banques allemandes a l’ètranger, ses rapports avec le développement économique de l’Allemagne*, Paris, 1909, p. 84.

[2] *Die Bank*, 1913, 2, S. 1024-25.

[3] Schilder, *op. cit.*, S. 346, 350, 371.

[4] Riesser, op. cit., 4th ed., S. 375; Diouritch, p. 283.

[5] The Annals of the American Academy of Political and Social Science, Vol. LIX, May 1915, p. 301. In the same volume on p. 331, we read that the well-known statistician Paish, in the last issue of the financial magazine The Statist, estimated the amount of capital exported by Britain, Germany, France, Belgium and Holland at \$40,000 million, i.e., 200,000 million francs.

Chapter V

Division of the World Among Capitalist Associations

Monopolist capitalist associations, cartels, syndicates and trusts first divided the home market among themselves and obtained more or less complete possession of the industry of their own country. But under capitalism the home market is inevitably bound up with the foreign market. Capitalism long ago created a world market. As the export of capital increased, and as the foreign and colonial connections and “spheres of influence” of the big monopolist associations expanded in all ways, things “naturally” gravitated towards an international agreement among these associations, and towards the formation of international cartels.

This is a new stage of world concentration of capital and production, incomparably higher than the preceding stages. Let us see how this super-monopoly develops.

The electrical industry is highly typical of the latest technical achievements and is most typical of capitalism at the end of the nineteenth and the beginning of the twentieth centuries. This industry has developed most in the two leaders of the new capitalist countries, the United States and Germany. In Germany, the crisis of 1900 gave a particularly strong impetus to its concentration. During the crisis, the banks, which by that time had become fairly well merged with industry, enormously accelerated and intensified the ruin of relatively small firms and their absorption by the large ones. “The banks,” writes Jeidels, “refused a helping hand to the very firms in greatest need of capital, and brought on first a frenzied boom and then the hopeless failure of the companies which had not been connected with them closely enough.” [1]

As a result, after 1900, concentration in Germany progressed with giant strides. Up to 1900 there had been seven or eight “groups” in the electrical industry. Each consisted of several companies (altogether there were 28) and each was backed by from 2 to 11 banks. Between 1908 and 1912 all these groups were merged into two, or one. The following diagram shows the process:

Groups in the Electrical Industry

Prior to 1900:	Felten & Guillaume	Lahmeyer	Union A.E.G.	Siemens & Halske	Schuckert & Co.	Bergmann	Kummer
	Felten & Lahmeyer		Siemens & Halske Schuckert			Bergmann	failed in 1900
By 1912	A.E.G. General Electric Co.)		Siemens & Halske-Schuckert				
(in close "co-operation" since 1908)							

The famous A.E.G. (General Electric Company), which grew up in this way, controls 175 to 200 companies (through the "holding" system), and a total capital of approximately 1,500 million marks. Of direct agencies abroad alone, it has thirty-four, of which twelve are joint-stock companies, in more than ten countries. As early as 1904 the amount of capital invested abroad by the German electrical industry was estimated at 233 million marks. Of this sum, 62 million were invested in Russia. Needless to say, the A.E.G. is a huge "combine"—its manufacturing companies alone number no less than sixteen—producing the most diverse articles, from cables and insulators to motor-cars and flying machines.

But concentration in Europe was also a component part of the process of concentration in America, which developed in the following way:

	General Electric Company	
United States	Thomas-Houston Co. establishes a firm in Europe	Edison Co. establishes in Europe the French Edison Co. which transfers its patents to the German firm
Germany	Union Electric Co.	General Electric Co. (A.E.G.)
	General Electric Co. (A.E.G.)	

Thus, two electrical "great powers" were formed: "there are no other electrical companies in the world completely independent of them," wrote Heinig in his article "The Path of the Electric Trust." An idea, although far from complete, of the turnover and the size of the enterprises of the two "trusts" can be obtained from the following figures:

In Million of Marks		Turnover	No. of employees	Net profits
America: General Electric Co. (G.E.C.)	1907	252	28,000	35.4
	1910	298	32,000	45.6
Germany: General Electric Co. (A.E.G.)	1907	216	30,700	14.5
	1911	362	60,800	31.7

And then, in 1907, the German and American trusts concluded an agreement by which they divided the world between them. Competition between them ceased. The American General Electric Company (G.E.C.) “got” the United States and Canada. The German General Electric Company (A.E.G.) “got” Germany, Austria, Russia, Holland, Denmark, Switzerland, Turkey and the Balkans. Special agreements, naturally secret, were concluded regarding the penetration of “daughter companies” into new branches of industry, into “new” countries formally not yet allotted. The two trusts were to exchange inventions and experiments. ^[2]

The difficulty of competing against this trust, actually a single world-wide trust controlling a capital of several thousand million, with “-branches”, agencies, representatives, connections, etc., in every corner of the world, is self-evident. But the division of the world between two powerful trusts does not preclude redivision if the relation of forces changes as a result of uneven development, war, bankruptcy, etc.

An instructive example of an attempt at such a redivision, of the struggle for redivision, is provided by the oil industry.

“The world oil market,” wrote Jeidels in 1905, “is even today still divided between two great financial groups – Rockefeller’s American Standard Oil Co., and Rothschild and Nobel, the controlling interests of the Russian oilfields in Baku. The two groups are closely connected. But for several years five enemies have been threatening their monopoly”:^[3]

- (1) the exhaustion of the American oilfields;
- (2) the competition of the firm of Mantashev of Baku;
- (3) the Austrian oilfields;
- (4) the Romanian oilfields;

(5) the overseas oilfields, particularly in the Dutch colonies (the extremely rich firms, Samuel and Shell, also connected with British capital). The three last groups are connected with the big German banks, headed by the huge Deutsche Bank. These banks independently and systematically developed the oil industry in Rumania, for example, in order to have a foothold of their “own.” In 1907, the foreign capital invested in the Rumanian oil industry was estimated at 185 million francs, of which 74 million was German capital. [4]

A struggle began for the “division of the world”, as, in fact, it is called in economic literature. On the one hand, the Rockefeller “oil trust” wanted to lay its hands on *everything*; it formed a “daughter company” *right* in Holland, and bought up oilfields in the Dutch Indies, in order to strike at its principal enemy, the Anglo-Dutch Shell trust. On the other hand, the - Deutsche Bank and the other German banks aimed at “retaining” Rumania “for themselves” and at uniting her with Russia against Rockefeller. The latter possessed far more capital and an excellent system of oil transportation and distribution. The struggle had to end, and did end in 1907, with the utter defeat of the Deutsche Bank, which was confronted with the alternative: either to liquidate its “oil interests” and lose millions, or submit. It chose to submit, and concluded a very disadvantageous agreement with the “oil trust.” The Deutsche Bank agreed “not to attempt anything which might injure American interests.” Provision was made, however, for the annulment of the agreement in the event of Germany establishing a state oil monopoly.

Then the “comedy of oil” began. One of the German finance kings, von Gwinner, a director of the Deutsche Bank, through his private secretary, Stauss, launched a campaign *for* a state oil monopoly. The gigantic machine of the huge German bank and all its wide “connections” were set in motion. The press bubbled over with “patriotic” indignation against the “yoke” of the American trust, and, on March 15, 1911, the Reichstag, by an almost unanimous vote, adopted a motion asking the government to introduce a bill for the establishment of an oil monopoly. The government seized upon this “popular” idea, and the game of the Deutsche Bank, which hoped to cheat its American counterpart and improve its business by a state monopoly, appeared to have been won. The German oil magnates already saw visions of enormous profits, which would not be less than those of the Russian sugar refiners.... But, firstly, the big German banks quarrelled among

themselves over the division of the spoils. The Disconto-Gesellschaft exposed the covetous aims of the Deutsche Bank; secondly, the government took fright at the prospect of a struggle with Rockefeller, for it was very doubtful whether Germany could be sure of obtaining oil from other sources (the Rumanian output was small); thirdly, just at that time the 1913 credits of a thousand million marks were voted for Germany's war preparations. The oil monopoly project was postponed. The Rockefeller "oil trust" came out of the struggle, for the time being, victorious.

The Berlin review, *Die Bank*, wrote in this connection that Germany could fight the oil trust only by establishing an electricity monopoly and by converting water-power into cheap electricity. "But," the author added, "the electricity monopoly will come when the producers need it, that is to say, when the next great crash in the electrical industry is imminent, and when the gigantic, expensive power stations now being put up at great cost everywhere by private electrical concerns, which are already obtaining certain franchises from towns, from states, etc., can no longer work at a profit. Water-power will then have to be used. But it will be impossible to convert it into cheap electricity at state expense; it will also have to be handed over to a 'private monopoly controlled by the state', because private industry has already concluded a number of contracts and has stipulated for heavy compensation.... So it was with the nitrate monopoly, so it is with the oil monopoly, so it will be with the electric power monopoly. It is time our state socialists, who allow themselves to be blinded by a beautiful principle, understood, at last, that in Germany the monopolies have never pursued the aim, nor have they had the result, of benefiting the consumer, or even of handing over to the state part of the promoter's profits; they have served only to facilitate, at the expense of the state, the recovery of private - industries which were on the verge of bankruptcy. ^[5]

Such are the valuable admissions which the German bourgeois economists are forced to make. We see plainly here how private and state monopolies are interwoven in the epoch of finance capital; how both are but separate links in the imperialist struggle between the big monopolists for the division of the world.

In merchant shipping, the tremendous development of concentration has ended also in the division of the world. In Germany two powerful companies have come to the fore: the Hamburg-Amerika and the

Norddeutscher Lloyd, each having a capital of 200 million marks (in stocks and bonds) and possessing shipping tonnage to the value of 185 to 189 million marks. On the other hand, in America, on January 1, 1903, the International Mercantile Marine Co., known as the Morgan trust, was formed; it united nine American and British steamship companies, and possessed a capital of 120 million dollars (480 million marks). As early as 1903, the German giants and this American-British trust concluded an agreement to divide the world with a consequent division of profits. The German companies undertook not to compete in the Anglo-American traffic. Which ports were to be “allotted” to each was precisely stipulated; a joint committee of control was set up, etc. This agreement was concluded for twenty years, with the prudent provision for its annulment in the event of war. [6]

Extremely instructive also is the story of the formation of the International Rail Cartel. The first attempt of the British, Belgian and German rail manufacturers to form such a cartel was made as early as 1884, during a severe industrial depression. The manufacturers agreed not to compete with one another in the home markets of the countries involved, and they divided the foreign markets in the following quotas: Great Britain, 66 per cent; Germany, 27 per cent; Belgium, 7 per cent. India was reserved entirely for Great Britain. Joint war was declared against a British firm which remained outside the cartel, the cost of which was met by a percentage levy on all sales. But in 1886 the cartel collapsed when two British firms retired from it. It is characteristic that agreement could not be achieved during subsequent boom periods.

At the beginning of 1904, the German steel syndicate was formed. In November 1904, the International Rail Cartel was revived, with the following quotas: Britain, 53.5 per cent; Germany, 28.83 per cent; Belgium, 17.67 per cent. France came in later and received 4.8 per cent, 5.8 per cent and 6.4 per cent in the first, second and third year respectively, over and above the 100 per cent limit, i.e., out of a total of 104.8 per cent, etc. In 1905, the United States Steel Corporation entered the cartel; then Austria and Spain. “At the present time,” wrote Vogelstein in 1910, “the division of the world is complete, and the big consumers, primarily the state railways – since the world has been parcelled out without consideration for their interests – can now dwell like the poet in the heavens of Jupiter.” [7]

Let me also mention the International Zinc Syndicate which was established in 1909 and which precisely apportioned output among five groups of factories: German, Belgian, French, Spanish and British; and also the International Dynamite Trust, which, Liefmann says, is “quite a modern, close alliance of all the German explosives manufacturers who, with the French and American dynamite manufacturers, organised in a similar manner, have divided the whole world among themselves, so to speak.”^[8]

Liefmann calculated that in 1897 there were altogether about forty - international cartels in which Germany had a share, while in 1910 there were about a hundred.

Certain bourgeois writers (now joined by Karl Kautsky, who has completely abandoned the Marxist position he had held, for example, in 1909) have expressed the opinion that international cartels, being one of the most striking expressions of the internationalisation of capital, give the hope of peace among nations under capitalism. Theoretically, this opinion is absolutely absurd, while in practice it is sophistry and a dishonest defence of the worst opportunism. International cartels show to what point capitalist monopolies have developed, and the object of the struggle between the various capitalist associations. This last circumstance is the most important; it alone shows us the historico-economic meaning of what is taking place; for the forms of the struggle may and do constantly change in accordance with varying, relatively specific and temporary causes, but the substance of the struggle, its class content, positively cannot change while classes exist. Naturally, it is in the interests of, for example, the German bourgeoisie, to whose side Kautsky has in effect gone over in his theoretical arguments (I shall deal with this later), to obscure the substance of the present economic struggle (the division of the world) and to emphasise now this and now another form of the struggle. Kautsky makes the same mistake. Of course, we have in mind not only the German bourgeoisie, but the bourgeoisie all over the world. The capitalists divide the world, not out of any particular malice, but because the degree of concentration which has been reached forces them to adopt this method in order to obtain profits. And they divide it “in proportion to capital”, “in proportion to strength,” because there cannot be any other method of division under commodity production and capitalism. But strength varies with the degree of economic and political development. In order to understand what is taking place, it is necessary to know what questions are settled by the changes in strength. The question as

to whether these changes are “purely” economic or non-economic (e.g., military) is a secondary one, which cannot in the least affect fundamental views on the latest epoch of capitalism. To substitute the question of the form of the struggle and agreements (today peaceful, tomorrow warlike, the next day warlike again) for the question of the substance of the struggle and agreements between capitalist associations is to sink to the role of a sophist.

The epoch of the latest stage of capitalism shows us that certain relations between capitalist associations grow up, based on the economic division of the world; while parallel to and in connection with it, certain relations grow up between political alliances, between states, on the basis of the territorial division of the world, of the struggle for colonies, of the “struggle for spheres of influence.”

Notes

[1] Jeidels, op. cit., S. 232.

[2] Riesser, op. cit.; Diouritch, op. cit., p. 239; Kurt Heinig, op. cit.

[3] Jeidels, op. cit., S. 192-93.

[4] Diouritch, op. cit., pp. 245-46.

[5] Die Bank, 1912, 1, S. 1036; 1912, 2, S. 629; 1913, 1, S. 388.

[6] Riesser, op. cit., S. 125.

[7] Vogelstein, Organisationsformen, S. 100.

[8] Liefmann, Kartelle und Trusts, 2. A., S. 161.

Chapter VI

Division of the World Among the Great Powers

In his book, on “the territorial development of the European colonies,” A. Supan,[1] the geographer, gives the following brief summary of this development at the end of the nineteenth century:

Percentage of territory belonging to the European colonial powers (Including the United States)			
	1876	1900	Increase or decrease
Africa	10.8	90.4	+70.6
Polynesia	56.8	98.9	+42.1
Asia	51.5	56.6	+5.1
Australia	100.0	100.0	
America	27.5	27.2	-0.3

“The characteristic feature of this period,” he concludes, “is, therefore, the division of Africa and Polynesia.” As there are no unoccupied territories – that is, territories that do not belong to any state in Asia and America, it is necessary to amplify Supan’s conclusion and say that the characteristic feature of the period under review is the final partitioning of the globe – final, not in the sense that *repartition* is impossible; on the contrary, repartitions are possible and inevitable – but in the sense that the colonial policy of the capitalist countries has completed the seizure of the unoccupied territories on our planet. For the first time the world is completely divided up, so that in the future only redivision is possible, i.e., territories can only pass from one “owner” to another, instead of passing as ownerless territory to an owner.

Hence, we are living in a peculiar epoch of world colonial policy, which is most closely connected with the “latest stage in the development of capitalism,” with finance capital. For this reason, it is essential first of all to

deal in greater detail with the facts, in order to ascertain as exactly as possible what distinguishes this epoch from those preceding it, and what the present situation is. In the first place, two questions of fact arise here: is an intensification of colonial policy, a sharpening of the struggle for colonies, observed precisely in the epoch of finance capital? And how, in this respect, is the world divided at the present time?

The American writer, Morris, in his book on the history of colonisation, [2] made an attempt to sum up the data on the colonial possessions of Great Britain, France and Germany during different periods of the nineteenth century. The following is a brief summary of the results he has obtained:

Colonial Possessions						
Year	Great Britain		France		Germany	
	Area (000,000 sq. m.)	Pop. (000,000)	Area (000,000 sq. m.)	Pop. (000,000)	Area (000,000 sq. m.)	Pop. (000,000)
1815-30	?	126.4	0.02	0.5	—	—
1860	2.5	145.1	0.2	0.5	—	—
1880	7.7	267.9	0.7	7.5	—	—
1899	9.3	309.0	3.7	56.4	1.0	14.7

For Great Britain, the period of the enormous expansion of colonial conquests was that between 1860 and 1880, and it was also very considerable in the last twenty years of the nineteenth century. For France and Germany this period falls precisely in these twenty years. We saw above that the development of premonopoly capitalism, of capitalism in which free competition was predominant, reached its limit in the 1860s and 1870s. We now see that it is *precisely after that period* that the tremendous “boom” in colonial conquests begins, and that the struggle for the territorial division of the world becomes extraordinarily sharp. It is beyond doubt, therefore, that capitalism’s transition to the stage of monopoly capitalism, to finance capital, is *connected* with the intensification of the struggle for the partitioning of the world.

Hobson, in his work on imperialism, marks the years 1884-1900 as the - epoch of intensified “expansion” of the chief European states. According to his estimate, Great Britain during these years acquired 3,700,000 square miles of territory with 57,000,000 inhabitants; France, 3,600,000 square miles with 36,500,000; Germany, 1,000,000 square miles with 14,700,000; Belgium, 900,000 square miles with 30,000,000; Portugal, 800,000 square miles with 9,000,000 inhabitants. The scramble for colonies by all the capitalist states at the end of the nineteenth century and particularly since the 1880s is a commonly known fact in the history of diplomacy and of foreign policy.

In the most flourishing period of free competition in Great Britain, i.e., between 1840 and 1860, the leading British bourgeois politicians were opposed to colonial policy and were of the opinion that the liberation of the colonies, their complete separation from Britain, was inevitable and desirable. M. Beer, in an article, “Modern British Imperialism,” [3] published in 1898, shows that in 1852, Disraeli, a statesman who was generally inclined towards imperialism, declared: “The colonies are millstones round our necks.” But at the end of the nineteenth century the British heroes of the hour were Cecil Rhodes and Joseph Chamberlain, who openly advocated imperialism and applied the imperialist policy in the most cynical manner!

It is not without interest to observe that even then these leading British bourgeois politicians saw the connection between what might be called the purely economic and the socio-political roots of modern imperialism. Chamberlain advocated imperialism as a “true, wise and economical policy,” and pointed particularly to the German, American and Belgian competition which Great Britain was encountering in the world market. Salvation lies in monopoly, said the capitalists as they formed cartels, syndicates and trusts. Salvation lies in monopoly, echoed the political leaders of the bourgeoisie, hastening to appropriate the parts of the world not yet shared out. And Cecil Rhodes, we are informed by his intimate friend, the journalist Stead, expressed his imperialist views to him in 1895 in the following terms: “I was in the East End of London (a working-class quarter) yesterday and attended a meeting of the unemployed. I listened to the wild speeches, which were just a cry for ‘bread! bread!’ and on my way home I pondered over the scene and I became more than ever convinced of the importance of imperialism.... My cherished idea is a solution for the

social problem, i.e., in order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands to settle the surplus population, to provide new markets for the goods produced in the factories and mines. The Empire, as I have always said, is a bread and butter question. If you want to avoid civil war, you must become imperialists.^[4]

That was said in 1895 by Cecil Rhodes, millionaire, a king of finance, the man who was mainly responsible for the Anglo-Boer War. True, his defence of imperialism is crude and cynical, but in substance it does not differ from the “theory” advocated by Messrs. Maslov, Südekum, Potresov, David, the founder of Russian Marxism and others. Cecil Rhodes was a somewhat more honest social-chauvinist....

To present as precise a picture as possible of the territorial division of the world and of the changes which have occurred during the last decades in this respect, I shall utilise the data furnished by Supan in the work already quoted on the colonial possessions of all the powers of the world. Supan takes the years 1876 and 1900; I shall take the year 1876 – a year very aptly selected, for it is precisely by that time that the pre-monopolist stage of development of West-European capitalism can be said to have been, in the main, completed – and the year 1914, and instead of Supan’s figures I shall quote the more recent statistics of Hübner’s Geographical and Statistical Tables. Supan gives figures only for colonies; I think it useful, in order to present a complete picture of the division of the world, to add brief data on non-colonial and semi-colonial countries, in which category I place Persia, China and Turkey: the first of these countries is already almost completely a colony, the second and third are becoming such.

We thus get the following result:

Colonial Possessions of the Great Powers (000,000 square kilometers and 000,000 inhabitants)								
	Colonies				Metro-politan countries		Total	
	1876		1914		1914		1914	
	Area	Pop.	Area	Pop.	Area	Pop.	Area	Pop.
Great Britain	22.5	251.9	33.5	393.5	0.3	46.5	33.8	444.0
Russia	17.0	15.9	17.4	33.2	5.4	136.2	22.8	169.4
France	0.9	6.0	10.6	55.5	0.5	39.6	11.1	95.1
Germany	—	—	2.9	12.3	0.5	64.9	3.4	77.2
United States	—	—	0.3	9.7	9.4	97.0	9.7	106.7
Japan	—	—	0.3	19.2	0.4	53.0	0.7	72.2
Total for 6 Great Powers	40.4	273.8	65.0	523.4	16.5	437.2	81.5	960.6
Colonies of other power (Belgium, Holland, etc.)	9.9	45.3						
Semi-colonial countries (Persia, China, Turkey)	14.5	361.2						
Other countries	28.0	289.9						
<i>Total for the world</i>	133.9	1,657.0						

We clearly see from these figures how “complete” was the partition of the world at the turn of the twentieth century. After 1876 colonial possessions increased to enormous dimensions, by more than fifty per cent, from 40,000,000 to 65,000,000 square kilometres for the six biggest powers; the increase amounts to 25,000,000 square kilometres, fifty per cent more than the area of the metropolitan countries (16,500,000 square kilometres). In 1876 three powers had no colonies, and a fourth, France, had scarcely any. By 1914 these four powers had acquired colonies with an area of 14,100,000 square kilometres, i.e., about half as much again as the area of Europe, with a population of nearly 100,000,000. The unevenness in

the rate of expansion of colonial possessions is very great. If, for instance, we compare France, Germany and Japan, which do not differ very much in area and population, we see that the first has acquired almost three times as much colonial territory as the other two combined. In regard to finance capital, France, at the beginning of the period we are considering, was also, perhaps, several times richer than Germany and Japan put together. In addition to, and on the basis of, purely economic conditions, geographical and other conditions also affect the dimensions of colonial possessions. However strong the process of levelling the world, of levelling the economic and living conditions in different countries, may have been in the past decades as a result of the pressure of large-scale industry, exchange and finance capital, considerable differences still remain; and among the six countries mentioned we see, firstly, young capitalist countries (America, Germany, Japan) whose progress has been extraordinarily rapid; secondly, countries with an old capitalist development (France and Great Britain), whose progress lately has been much slower than that of the previously mentioned countries, and thirdly, a country most backward economically (Russia), where modern capitalist imperialism is enmeshed, so to speak, in a particularly close network of pre-capitalist relations.

Alongside the colonial possessions of the Great Powers, we have placed the small colonies of the small states, which are, so to speak, the next objects of a possible and probable "redivision" of colonies. These small states mostly retain their colonies only because the big powers are torn by conflicting interests, friction, etc., which prevent them from coming to an agreement on the division of the spoils. As to the "semi-colonial" states, they provide an example of the transitional forms which are to be found in all spheres of nature and society. Finance capital is such a great, such a decisive, you might say, force in all economic and in all international relations, that it is capable of subjecting, and actually does subject, to itself even states enjoying the fullest political independence; we shall shortly see examples of this. Of course, finance capital finds most "convenient," and derives the greatest profit from, a form of subjection which involves the loss of the political independence of the subjected countries and peoples. In this respect, the semi-colonial countries provide a typical example of the "middle stage." It is natural that the struggle for these semidependent countries should have become particularly bitter in the epoch of finance capital, when the rest of the world has already been divided up.

Colonial policy and imperialism existed before the latest stage of capitalism, and even before capitalism. Rome, founded on slavery, pursued a colonial policy and practised imperialism. But “general” disquisitions on imperialism, which ignore, or put into the background, the fundamental difference between socio-economic formations, inevitably turn into the most vapid banality or bragging, like the comparison: “Greater Rome and Greater Britain.”^[5] Even the capitalist colonial policy of previous stages of capitalism is essentially different from the colonial policy of finance capital.

The principal feature of the latest stage of capitalism is the domination of monopolist associations of big employers. These monopolies are most firmly established when all the sources of raw materials are captured by one group, and we have seen with what zeal the international capitalist associations exert every effort to deprive their rivals of all opportunity of competing, to buy up, for example, ironfields, oilfields, etc. Colonial possession alone gives the monopolies complete guarantee against all contingencies in the struggle against competitors, including the case of the adversary wanting to be protected by a law establishing a state monopoly. The more capitalism is developed, the more strongly the shortage of raw materials is felt, the more intense the competition and the hunt for sources of raw materials throughout the whole world, the more desperate the struggle for the acquisition of colonies.

“It may be asserted,” writes Schilder, “although it may sound paradoxical to some, that in the more or less foreseeable future the growth of the urban and industrial population is more likely to be hindered by a shortage of raw materials for industry than by a shortage of food.” For example, there is a growing shortage of timber – the price of which is steadily rising – of leather, and of raw materials for the textile industry. “Associations of manufacturers are making efforts to create an equilibrium between agriculture and industry in the whole of world economy; as an example of this we might mention the International Federation of Cotton Spinners’ Associations in several of the most important industrial countries, founded in 1904, and the European Federation of Flax Spinners’ Associations, founded on the same model in 1910.”^[6]

Of course, the bourgeois reformists, and among them particularly the present-day adherents of Kautsky, try to belittle the importance of facts of this kind by arguing that raw materials “could be” obtained in the open

market without a “costly and dangerous” colonial policy; and that the supply of raw materials “could be” increased enormously by “simply” improving conditions in agriculture in general. But such arguments become an apology for imperialism, an attempt to paint it in bright colours, because they ignore the principal feature of the latest stage of capitalism: monopolies. The free market is becoming more and more a thing of the past; monopolist syndicates and trusts are restricting it with every passing day, and “simply” improving conditions in agriculture means improving the conditions of the masses, raising wages and reducing profits. Where, except in the imagination of sentimental reformists, are there any trusts capable of concerning themselves with the condition of the masses instead of the conquest of colonies?

Finance capital is interested not only in the already discovered sources of raw materials but also in potential sources, because present-day technical development is extremely rapid, and land which is useless today may be improved tomorrow if new methods are devised (to this end a big bank can equip a special expedition of engineers, agricultural experts, etc.), and if large amounts of capital are invested. This also applies to prospecting for minerals, to new methods of processing up and utilising raw materials, etc., etc. Hence, the inevitable striving of finance capital to enlarge its spheres of influence and even its actual territory. In the same way that the trusts capitalise their property at two or three times its value, taking into account its “potential” (and not actual) profits and the further results of monopoly, so finance capital in general strives to seize the largest possible amount of land of all kinds in all places, and by every means, taking into account potential sources of raw materials and fearing to be left behind in the fierce struggle for the last remnants of independent territory, or for the repartition of those territories that have been already divided.

The British capitalists are exerting every effort to develop cotton growing in their colony, Egypt (in 1904, out of 2,300,000 hectares of land under cultivation, 600,000, or more than one-fourth, were under cotton); the Russians are doing the same in their colony, Turkestan, because in this way they will be in a better position to defeat their foreign competitors, to monopolise the sources of raw materials and form a more economical and profitable textile trust in which all the processes of cotton production and manufacturing will be “combined” and concentrated in the hands of one set of owners.

The interests pursued in exporting capital also give an impetus to the conquest of colonies, for in the colonial market it is easier to employ monopoly methods (and sometimes they are the only methods that can be employed) to eliminate competition, to ensure supplies, to secure the necessary “connections,” etc.

The non-economic superstructure which grows up on the basis of finance capital, its politics and its ideology, stimulates the striving for colonial conquest. “Finance capital does not want liberty, it wants domination,” as Hilferding very truly says. And a French bourgeois writer, developing and supplementing, as it were, the ideas of Cecil Rhodes quoted above,^[7] writes that social causes should be added to the economic causes of modern colonial policy: “Owing to the growing complexities of life and the difficulties which weigh not only on the masses of the workers, but also on the middle classes, ‘impatience, irritation and hatred are accumulating in all the countries of the old civilisation and are becoming a menace to public order; the energy which is being hurled out of the definite class channel must be given employment abroad in order to avert an explosion at home’.”^[8]

Since we are speaking of colonial policy in the epoch of capitalist imperialism, it must be observed that finance capital and its foreign policy, which is the struggle of the great powers for the economic and political division of the world, give rise to a number of transitional forms of state dependence. Not only are the two main groups of countries, those owning colonies, and the colonies themselves, but also the diverse forms of dependent countries which, politically, are formally independent, but in fact, are enmeshed in the net of financial and diplomatic dependence, typical of this epoch. We have already referred to one form of dependence – the semi-colony. An example of another is provided by Argentina.

“South America, and especially Argentina,” writes Schulze-Gaevernitz in his work on British imperialism, “is so dependent financially on London that it ought to be described as almost a British commercial colony.”^[9] - Basing himself on the reports of the Austro-Hungarian Consul at Buenos Aires for 1909, Schilder estimated the amount of British capital invested in Argentina at 8,750 million francs. It is not difficult to imagine what strong connections British finance capital (and its faithful “friend”, diplomacy)

thereby acquires with the Argentine bourgeoisie, with the circles that control the whole of that country's economic and political life.

A somewhat different form of financial and diplomatic dependence, accompanied by political independence, is presented by Portugal. Portugal is an independent sovereign state, but actually, for more than two hundred years, since the war of the Spanish Succession (1701-14), it has been a British protectorate. Great Britain has protected Portugal and her colonies in order to fortify her own positions in the fight against her rivals, Spain and France. In return Great Britain has received commercial privileges, preferential conditions for importing goods and especially capital into Portugal and the Portuguese colonies, the right to use the ports and islands of Portugal, her telegraph cables, etc., etc.^[10] Relations of this kind have always existed between big and little states, but in the epoch of capitalist imperialism they become a general system, they form part of the sum total of "divide the world" relations and become links in the chain of operations of world finance capital.

In order to finish with the question of the division of the world, I must make the following additional observation. This question was raised quite openly and definitely not only in American literature after the Spanish--American War, and in English literature after the Anglo-Boer War, at the very end of the nineteenth century and the beginning of the twentieth; not only has German literature, which has "most jealously" watched "British imperialism," systematically given its appraisal of this fact. This question has also been raised in French bourgeois literature as definitely and broadly as is thinkable from the bourgeois point of view. Let me quote Driault, the historian, who, in his book, *Political and Social Problems at the End of the Nineteenth Century*, in the chapter "The Great Powers and the Division of the World," wrote the following: "During the past few years, all the free territory of the globe, with the exception of China, has been occupied by the powers of Europe and North America. This has already brought about several conflicts and shifts of spheres of influence, and these foreshadow more terrible upheavals in the near future. For it is necessary to make haste. The nations which have not yet made provision for themselves run the risk of never receiving their share and never participating in the tremendous exploitation of the globe which will be one of the most essential features of the next century (i.e., the twentieth). That is why all Europe and America have lately been afflicted with the fever of colonial expansion, of

‘imperialism’, that most noteworthy feature of the end of the nineteenth century.” And the author added: “In this partition of the world, in this furious hunt for the treasures and the big markets of the globe, the relative strength of the empires founded in this nineteenth century is totally out of proportion to the place occupied in Europe by the nations which founded them. The dominant powers in Europe, the arbiters of her destiny, are not equally preponderant in the whole world. And, as colonial might, the hope of controlling as yet unassessed wealth, will evidently react upon the relative strength of the European powers, the colonial question – “imperialism,” if you will – which has already modified the political conditions of Europe itself, will modify them more and more.”^[11]

Notes

[1] A. Supan, *Die territoriale Entwicklung der europäischen Kolonien*, 1906, S. 254.

[2] Henry C. Morris, *The History of Colonisation*, New York, 1900, Vol. II, p. 88; Vol. 1, p. 419; Vol. 11, p. 304.

[3] *Die Neue Zeit*, XVI, 1, 1898, S. 302.

[4] *Ibid.*, S. 304.

[5] C. P. Lucas, *Greater Rome and Greater Britain*, Oxford, 1912, or the Earl of Cromer’s *Ancient and Modern Imperialism*, London, 1910.

[6] Schilder, *op. cit.*, S. 38-42.

[7] See pp. 256–57 of original volume.—Ed.

[8] Wahl, *La France aux colonies* quoted by Henri Russier, *Le Partage de l’Océanie*, Paris, 1905, p. 165.

[9] Schulze-Gaevernitz, *Britischer Imperialismus und englischer Freihandel zu Beginn des 20-ten Jahrhunderts*, Leipzig, 1906, S. 318. Sartorius v. Waltershausen says the same in *Das volkswirtschaftliche System der Kapitalanlage im Auslande*, Berlin, 1907, S. 46.

[10] Schilder, *op. cit.*, Vol. I, S. 160-61.

[11] J. E. Driault, *Problèmes politiques et sociaux*, Paris, 1900, p. 299.

Chapter VII

Imperialism as a Special Stage of Capitalism

We must now try to sum up, to draw together the threads of what has been said above on the subject of imperialism. Imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general. But capitalism only became capitalist imperialism at a definite and very high stage of its development, when certain of its fundamental characteristics began to change into their opposites, when the features of the epoch of transition from capitalism to a higher social and economic system had taken shape and revealed themselves in all spheres. Economically, the main thing in this process is the displacement of capitalist free competition by capitalist monopoly. Free competition is the basic feature of capitalism, and of commodity production generally; monopoly is the exact opposite of free competition, but we have seen the latter being transformed into monopoly before our eyes, creating large-scale industry and forcing out small industry, replacing large-scale by still larger-scale industry, and carrying concentration of production and capital to the point where out of it has grown and is growing monopoly: cartels, syndicates and trusts, and merging with them, the capital of a dozen or so banks, which manipulate thousands of millions. At the same time the monopolies, which have grown out of free competition, do not eliminate the latter, but exist above it and alongside it, and thereby give rise to a number of very acute, intense antagonisms, frictions and conflicts. Monopoly is the transition from capitalism to a higher system.

If it were necessary to give the briefest possible definition of imperialism we should have to say that imperialism is the monopoly stage of capitalism. Such a definition would include what is most important, for, on the one hand, finance capital is the bank capital of a few very big monopolist banks, merged with the capital of the monopolist associations of industrialists; and, on the other hand, the division of the world is the transition from a colonial policy which has extended without hindrance to territories unseized by any capitalist power, to a colonial policy of monopolist possession of the territory of the world, which has been completely divided up.

But very brief definitions, although convenient, for they sum up the main points, are nevertheless inadequate, since we have to deduce from them some especially important features of the phenomenon that has to be defined. And so, without forgetting the conditional and relative value of all definitions in general, which can never embrace all the concatenations of a phenomenon in its full development, we must give a definition of imperialism that will include the following five of its basic features:

(1) the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life;

(2) the merging of bank capital with industrial capital, and the creation, on the basis of this “finance capital,” of a financial oligarchy;

(3) the export of capital as distinguished from the export of commodities acquires exceptional importance;

(4) the formation of international monopolist capitalist associations which share the world among themselves and;

(5) the territorial division of the whole world among the biggest capitalist powers is completed. Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed.

We shall see later that imperialism can and must be defined differently if we bear in mind not only the basic, purely economic concepts – to which the above definition is limited – but also the historical place of this stage of capitalism in relation to capitalism in general, or the relation between imperialism and the two main trends in the working-class movement. The thing to be noted at this point is that imperialism, as interpreted above, undoubtedly represents a special stage in the development of capitalism. To enable the reader to obtain the most well-grounded idea of imperialism, I deliberately tried to quote as extensively as possible bourgeois economists who have to admit the particularly incontrovertible facts concerning the latest stage of capitalist economy. With the same object in view, I have - quoted detailed statistics which enable one to see to what degree bank capital, etc., has grown, in what precisely the transformation of quantity

into quality, of developed capitalism into imperialism, was expressed. Needless to say, of course, all boundaries in nature and in society are conventional and changeable, and it would be absurd to argue, for example, about the particular year or decade in which imperialism “definitely” became established.

In the matter of defining imperialism, however, we have to enter into controversy, primarily, with Karl Kautsky, the principal Marxist theoretician of the epoch of the so-called Second International – that is, of the twenty-five years between 1889 and 1914. The fundamental ideas expressed in our definition of imperialism were very resolutely attacked by Kautsky in 1915, and even in November 1914, when he said that imperialism must not be regarded as a “phase” or stage of economy, but as a policy, a definite policy “preferred” by finance capital; that imperialism must not be “identified” with “present-day capitalism”; that if imperialism is to be understood to mean “all the phenomena of present-day capitalism” – cartels, protection, the domination of the financiers, and colonial policy – then the question as to whether imperialism is necessary to capitalism becomes reduced to the “flattest tautology”, because, in that case, “imperialism is naturally a vital necessity for capitalism”, and so on. The best way to present Kautsky’s idea is to quote his own definition of imperialism, which is diametrically - opposed to the substance of the ideas which I have set forth (for the objections coming from the camp of the German Marxists, who have been advocating similar ideas for many years already, have been long known to Kautsky as the objections of a definite trend in Marxism).

Kautsky’s definition is as follows:

“Imperialism is a product of highly developed industrial capitalism. It consists in the striving of every industrial capitalist nation to bring under its control or to annex all large areas of agrarian [Kautsky’s italics] territory, irrespective of what nations inhabit it.” ^[1]

This definition is of no use at all because it one-sidedly, i.e., arbitrarily, singles out only the national question (although the latter is extremely important in itself as well as in its relation to imperialism), it arbitrarily and inaccurately connects this question only with industrial capital in the countries which annex other nations, and in an equally arbitrary and - inaccurate manner pushes into the forefront the annexation of agrarian regions.

Imperialism is a striving for annexations – this is what the political part of Kautsky’s definition amounts to. It is correct, but very incomplete, for politically, imperialism is, in general, a striving towards violence and reaction. For the moment, however, we are interested in the economic aspect of the question, which Kautsky himself introduced into his definition. The inaccuracies in Kautsky’s definition are glaring. The characteristic feature of imperialism is not industrial but finance capital. It is not an accident that in France it was precisely the extraordinarily rapid development of finance capital, and the weakening of industrial capital, that from the eighties onwards gave rise to the extreme intensification of annexationist (colonial) policy. The characteristic feature of imperialism is precisely that it strives to annex not only agrarian territories, but even most highly industrialised regions (German appetite for Belgium; French appetite for Lorraine), because (1) the fact that the world is already partitioned obliges those contemplating a redivision to reach out for every kind of territory, and (2) an essential feature of imperialism is the rivalry between several great powers in the striving for hegemony, i.e., for the conquest of territory, not so much directly for themselves as to weaken the adversary and undermine his hegemony. (Belgium is particularly important for Germany as a base for operations against Britain; Britain needs Baghdad as a base for operations against Germany, etc.)

Kautsky refers especially – and repeatedly – to English writers who, he alleges, have given a purely political meaning to the word “imperialism” in the sense that he, Kautsky, understands it. We take up the work by the English writer Hobson, *Imperialism*, which appeared in 1902, and there we read:

“The new imperialism differs from the older, first, in substituting for the ambition of a single growing empire the theory and the practice of competing empires, each motivated by similar lusts of political aggrandisement and commercial gain; secondly, in the dominance of financial or investing over mercantile interests.” [2]

We see that Kautsky is absolutely wrong in referring to English writers generally (unless he meant the vulgar English imperialists, or the avowed apologists for imperialism). We see that Kautsky, while claiming that he continues to advocate Marxism, as a matter of fact takes a step backward compared with the social-liberal Hobson, who more correctly takes into

account two “historically concrete” (Kautsky’s definition is a mockery of historical concreteness!) features of modern imperialism: (1) the competition between several imperialisms, and (2) the predominance of the financier over the merchant. If it is chiefly a question of the annexation of agrarian countries by industrial countries, then the role of the merchant is put in the forefront.

Kautsky’s definition is not only wrong and un-Marxist. It serves as a basis for a whole system of views which signify a rupture with Marxist theory and Marxist practice all along the line. I shall refer to this later. The argument about words which Kautsky raises as to whether the latest stage of capitalism should be called imperialism or the stage of finance capital is not worth serious attention. Call it what you will, it makes no difference. The essence of the matter is that Kautsky detaches the politics of imperialism from its economics, speaks of annexations as being a policy “preferred” by finance capital, and opposes to it another bourgeois policy which, he alleges, is possible on this very same basis of finance capital. It follows, then, that monopolies in the economy are compatible with non-monopolistic, non-violent, non-annexationist methods in politics. It follows, then, that the territorial division of the world, which was completed during this very epoch of finance capital, and which constitutes the basis of the present peculiar forms of rivalry between the biggest capitalist states, is compatible with a non-imperialist policy. The result is a slurring-over and a blunting of the most profound contradictions of the latest stage of capitalism, instead of an exposure of their depth; the result is bourgeois reformism instead of Marxism.

Kautsky enters into controversy with the German apologist of imperialism and annexations, Cunow, who clumsily and cynically argues that imperialism is present-day capitalism; the development of capitalism is inevitable and progressive; therefore imperialism is progressive; therefore, we should grovel before it and glorify it! This is something like the caricature of the Russian Marxists which the Narodniks drew in 1894-95. They argued: if the Marxists believe that capitalism is inevitable in Russia, that it is progressive, then they ought to open a tavern and begin to implant capitalism! Kautsky’s reply to Cunow is as follows: imperialism is not present-day capitalism; it is only one of the forms of the policy of present-day capitalism. This policy we can and should fight, fight imperialism, annexations, etc.

The reply seems quite plausible, but in effect it is a more subtle and more disguised (and therefore more dangerous) advocacy of conciliation with imperialism, because a “fight” against the policy of the trusts and banks that does not affect the economic basis of the trusts and banks is mere bourgeois reformism and pacifism, the benevolent and innocent expression of pious wishes. Evasion of existing contradictions, forgetting the most important of them, instead of revealing their full depth – such is Kautsky’s theory, which has nothing in common with Marxism. Naturally, such a “theory” can only serve the purpose of advocating unity with the Cunows!

“From the purely economic point of view,” writes Kautsky, “it is not impossible that capitalism will yet go through a new phase, that of the extension of the policy of the cartels to foreign policy, the phase of ultra-imperialism,”^[3] i.e., of a superimperialism, of a union of the imperialisms of the whole world and not struggles among them, a phase when wars shall cease under capitalism, a phase of “the joint exploitation of the world by internationally united finance capital.”^[4]

We shall have to deal with this “theory of ultra-imperialism” later on in order to show in detail how decisively and completely it breaks with Marxism. At present, in keeping with the general plan of the present work, we must examine the exact economic data on this question. “From the purely economic point of view,” is “ultra-imperialism” possible, or is it ultra-nonsense?

If the purely economic point of view is meant to be a “pure” abstraction, then all that can be said reduces itself to the following proposition: development is proceeding towards monopolies, hence, towards a single world monopoly, towards a single world trust. This is indisputable, but it is also as completely meaningless as is the statement that “development is proceeding” towards the manufacture of foodstuffs in laboratories. In this sense the “theory” of ultra-imperialism is no less absurd than a “theory of ultra-agriculture” would be.

If, however, we are discussing the “purely economic” conditions of the epoch of finance capital as a historically concrete epoch which began at the turn of the twentieth century, then the best reply that one can make to the lifeless abstractions of “ultra-imperialism” (which serve exclusively a most reactionary aim: that of diverting attention from the depth of existing antagonisms) is to contrast them with the concrete economic realities of the

present-day world economy. Kautsky’s utterly meaningless talk about ultra-imperialism encourages, among other things, that profoundly mistaken idea which only brings grist to the mill of the apologists of imperialism, i.e., that the rule of finance capital lessens the unevenness and contradictions inherent in the world economy, whereas in reality it increases them.

R. Calwer, in his little book, *An Introduction to the World Economy*,^[5] made an attempt to summarise the main, purely economic, data that enable one to obtain a concrete picture of the internal relations of the world economy at the turn of the twentieth century. He divides the world into five “main economic areas”, as follows: (1) Central Europe (the whole of Europe with the exception of Russia and Great Britain); (2) Great Britain; (3) Russia; (4) Eastern Asia; (5) America; he includes the colonies in the “areas” of the states to which they belong and “leaves aside” a few countries not distributed according to areas, such as Persia, Afghanistan, and Arabia in Asia, Morocco and Abyssinia in Africa, etc.

Principal economic areas	Area	Pop.	Transport		Trade	Industry		
	Million sq. miles	Millions	Railways (thou. km)	Mercantile fleet (thousand million marks)	Imports exports (thousand million marks)	Output (mill. tons)		
						Coal	Pig iron	Cotton spindles (millions)
1) Central Europe	27.6 (23.6)*	388 (146)	204	8	41	251	15	26
2) British	28.9 (28.6)	398 (355)	140	11	25	249	9	51
3) Russia	22	131	63	1	3	16	3	7
4) Eastern Asia	12	389	8	1	2	8	.02	2
5) America	30	148	379	6	14	245	14	19

* Note: The figures in parentheses show the area and population of the colonies.

We see three areas of highly developed capitalism (high development of means of transport, of trade and of industry): the Central European, the British and the American areas. Among these are three states which

dominate the world: Germany, Great Britain, and the United States. Imperialist rivalry and the struggle between these countries have become extremely keen because Germany has only an insignificant area and few colonies; the creation of “Central Europe” is still a matter for the future, it is being born in the midst of a desperate struggle. For the moment the distinctive feature of the whole of Europe is political disunity. In the British and American areas, on the other hand, political concentration is very highly developed, but there is a vast disparity between the immense colonies of the one and the insignificant colonies of the other. In the colonies, however, capitalism is only beginning to develop. The struggle for South America is becoming more and more acute.

There are two areas where capitalism is little developed: Russia and Eastern Asia. In the former, the population is extremely sparse, in the latter it is extremely dense; in the former political concentration is high, in the latter it does not exist. The partitioning of China is only just beginning, and the struggle for it between Japan, the U.S., etc., is continually gaining in intensity.

Compare this reality – the vast diversity of economic and political conditions, the extreme disparity in the rate of development of the various countries, etc., and the violent struggles among the imperialist states – with Kautsky’s silly little fable about “peaceful” ultra-imperialism. Is this not the reactionary attempt of a frightened philistine to hide from stern reality? Are not the international cartels which Kautsky imagines are the embryos of “ultra-imperialism” (in the same way as one “can” describe the manufacture of tablets in a laboratory as ultra-agriculture in embryo) an example of the division and the redivision of the world, the transition from peaceful division to non-peaceful division and vice versa? Is not American and other finance capital, which divided the whole world peacefully with Germany’s participation in, for example, the international rail syndicate, or in the international mercantile shipping trust, now engaged in redividing the world on the basis of a new relation of forces that is being changed by methods anything but peaceful?

Finance capital and the trusts do not diminish but increase the differences in the rate of growth of the various parts of the world economy. Once the relation of forces is changed, what other solution of the contradictions can be found under capitalism than that of force? Railway

statistics ^[6] provide remarkably exact data on the different rates of growth of capitalism and finance capital in world economy. In the last decades of imperialist development, the total length of railways has changed as follows:

Railways
(Thousand kilometers)

	1890		1913		+	
Europe	224		346		+122	
U.S.A.	268		411		+143	
All colonies	82	125	210	347	+128	+222
Independent and semi independent states of Asia and America	43		137		+94	
Total	617		1,104			

Thus, the development of railways has been most rapid in the colonies and in the independent (and semi-independent) states of Asia and America. Here, as we know, the finance capital of the four or five biggest capitalist states holds undisputed sway. Two hundred thousand kilometres of new railways in the colonies and in the other countries of Asia and America represent a capital of more than 40,000 million marks newly invested on particularly advantageous terms, with special guarantees of a good return and with profitable orders for steel works, etc., etc.

Capitalism is growing with the greatest rapidity in the colonies and in overseas countries. Among the latter, new imperialist powers are emerging (e.g., Japan). The struggle among the world imperialisms is becoming more acute. The tribute levied by finance capital on the most profitable colonial and overseas enterprises is increasing. In the division of this “booty,” an - exceptionally large part goes to countries which do not always stand at the top of the list in the rapidity of the development of their productive forces. In the case of the biggest countries, together with their colonies, the total length of railways was as follows:

Thus, about 80 per cent of the total existing railways are concentrated in the hands of the five biggest powers. But the concentration of the ownership of these railways, the concentration of finance capital, is immeasurably greater since the French and British millionaires, for example, own an enormous amount of shares and bonds in American, Russian and other railways.

Thanks to her colonies, Great Britain has increased the length of “her” railways by 100,000 kilometres, four times as much as Germany. And yet, it is well known that the development of productive forces in Germany, and especially the development of the coal and iron industries, has been incomparably more rapid during this period than in Britain – not to speak of France and Russia. In 1892, Germany produced 4,900,000 tons of pig-iron and Great Britain produced 6,800,000 tons; in 1912, Germany produced 17,600,000 tons and Great Britain, 9,000,000 tons. Germany, therefore, had an overwhelming superiority over Britain in this respect.^[7] The question is: what means other than war could there be under capitalism to overcome the disparity between the development of productive forces and the accumulation of capital on the one side, and the division of colonies and spheres of influence for finance capital on the other?

Notes

[1] Die Neue Zeit, 1914, 2 (B. 32), S. 909, Sept. 11, 1914; cf. 1915, 2, S. 107 et seq.

[2] Hobson, Imperialism, London, 1902, p. 324.

[3] Die Neue Zeit, 1914, 2 (B. 32), S. 921, Sept. 11, 1914. Cf. 1915, 2, S. 107 et seq.

[4] Ibid., 1915, 1, S. 144, April 30, 1915.

[5] R. Calwer, Einführung in die Weltwirtschaft, Berlin, 1906.

[6] Statistisches Jahrbuch für das deutsche Reich, 1915; Archiv für Eisenbahnwesen, 1892. Minor details for the distribution of railways among the colonies of the various countries in 1890 had to be estimated approximately.

[7] Cf. also Edgar Crammond, “The Economic Relations of the British and German Empires” in The Journal of the Royal Statistical Society, July 1914, p. 777 et seq.

Chapter VIII

Parasitism and Decay of Capitalism

We now have to examine yet another significant aspect of imperialism to which most of the discussions on the subject usually attach insufficient importance. One of the shortcomings of the Marxist Hilferding is that on this point he has taken a step backward compared with the non-Marxist Hobson. I refer to parasitism, which is characteristic of imperialism.

As we have seen, the deepest economic foundation of imperialism is monopoly. This is capitalist monopoly, i.e., monopoly which has grown out of capitalism and which exists in the general environment of capitalism, commodity production and competition, in permanent and insoluble contradiction to this general environment. Nevertheless, like all monopoly, it inevitably engenders a tendency of stagnation and decay. Since monopoly prices are established, even temporarily, the motive cause of technical and, consequently, of all other progress disappears to a certain extent and, further, the economic possibility arises of deliberately retarding technical progress. For instance, in America, a certain Owens invented a machine which revolutionized the manufacture of bottles. The German bottle-manufacturing cartel purchased Owens's patent, but pigeon-holed it, refrained from utilising it. Certainly, monopoly under capitalism can never completely, and for a very long period of time, eliminate competition in the world market (and this, by the by, is one of the reasons why the theory of ultra-imperialism is so absurd). Certainly, the possibility of reducing the cost of production and increasing profits by introducing technical improvements operates in the direction of change. But the tendency to stagnation and decay, which is characteristic of monopoly, continues to operate, and in some branches of industry, in some countries, for certain periods of time, it gains the upper hand.

The monopoly ownership of very extensive, rich or well-situated colonies operates in the same direction.

Further, imperialism is an immense accumulation of money capital in a few countries, amounting, as we have seen, to 100,000-150,000 million francs in securities. Hence the extraordinary growth of a class, or rather, of

a stratum of rentiers, i.e., people who live by “clipping coupons,” who take no part in any enterprise whatever, whose profession is idleness. The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production and sets the seal of parasitism on the whole country that lives by exploiting the labour of several overseas countries and colonies.

“In 1893,” writes Hobson, “the British capital invested abroad - represented about 15 per cent of the total wealth of the United Kingdom.”^[1] Let me remind the reader that by 1915 this capital had increased about two and a half times. “Aggressive imperialism,” says Hobson further on, “which costs the tax-payer so dear, which is of so little value to the manufacturer and trader ... is a source of great gain to the investor.... The annual income Great Britain derives from commissions in her whole foreign and colonial trade, import and export, is estimated by Sir R. Giffen at £18,000,000 (- nearly 170 million rubles) for 1899, taken at 2 1/2 per cent, upon a turnover of £800,000,000.” Great as this sum is, it cannot explain the aggressive imperialism of Great Britain, which is explained by the income of £90 million to £100 million from “invested” capital, the income of the rentiers.

The income of the rentiers is five times greater than the income obtained from the foreign trade of the biggest “trading” country in the world! This is the essence of imperialism and imperialist parasitism.

For that reason the term “rentier state” (Rentnerstaat), or usurer state, is coming into common use in the economic literature that deals with imperialism. The world has become divided into a handful of usurer states and a vast majority of debtor states. “At the top of the list of foreign investments,” says Schulze-Gaevernitz, “are those placed in politically dependent or allied countries: Great Britain grants loans to Egypt, Japan, China and South America. Her navy plays here the part of bailiff in case of necessity. Great Britain’s political power protects her from the indignation of her debtors.”^[2] Sartorius von Waltershausen in his book, *The National Economic System of Capital Investments Abroad*, cites Holland as the model “rentier state” and points out that Great Britain and France are now becoming such.^[3] Schilder is of the opinion that five industrial states have become “definitely pronounced creditor countries”: Great Britain, France, Germany, Belgium and Switzerland. He does not include Holland in this list

simply because she is “industrially little developed.”^[4] The United States is a creditor only of the American countries.

“Great Britain,” says Schulze-Gaevernitz, “is gradually becoming transformed from an industrial into a creditor state. Notwithstanding the absolute increase in industrial output and the export of manufactured goods, there is an increase in the relative importance of income from interest and dividends, issues of securities, commissions and speculation in the whole of the national economy. In my opinion it is precisely this that forms the economic basis of imperialist ascendancy. The creditor is more firmly attached to the debtor than the seller is to the buyer.”^[5] In regard to Germany, A. Lansburgh, the publisher of the Berlin *Die Bank*, in 1911, in an article entitled “Germany – a Rentier State”, wrote the following: “People in Germany are ready to sneer at the yearning to become rentiers that is observed in France. But they forget that as far as the bourgeoisie is concerned the situation in Germany is becoming more and more like that in France.”^[6]

The rentier state is a state of parasitic, decaying capitalism, and this circumstance cannot fail to influence all the socio-political conditions of the countries concerned, in general, and the two fundamental trends in the working-class movement, in particular. To demonstrate this in the clearest possible manner let me quote Hobson, who is a most reliable witness, since he cannot be suspected of leaning towards Marxist orthodoxy; on the other hand, he is an Englishman who is very well acquainted with the situation in the country which is richest in colonies, in finance capital, and in imperialist experience.

With the Anglo-Boer War fresh in his mind, Hobson describes the connection between imperialism and the interests of the “financiers,” their growing profits from contracts, supplies, etc., and writes: “While the directors of this definitely parasitic policy are capitalists, the same motives appeal to special classes of the workers. In many towns most important trades are dependent upon government employment or contracts; the imperialism of the metal and shipbuilding centres is attributable in no small degree to this fact.” Two sets of circumstances, in this writer’s opinion, have weakened the old empires: (1) “economic parasitism,” and (2) the formation of armies recruited from subject peoples. “There is first the habit of economic parasitism, by which the ruling state has used its provinces,

colonies, and dependencies in order to enrich its ruling class and to bribe its lower classes into acquiescence.” And I shall add that the economic possibility of such bribery, whatever its form may be, requires high monopolist profits.

As for the second circumstance, Hobson writes: “One of the strangest symptoms of the blindness of imperialism is the reckless indifference with which Great Britain, France and other imperial nations are embarking on this perilous dependence. Great Britain has gone farthest. Most of the fighting by which we have won our Indian Empire has been done by natives; in India, as more recently in Egypt, great standing armies are placed under British commanders; almost all the fighting associated with our African dominions, except in the southern part, has been done for us by natives.”

Hobson gives the following economic appraisal of the prospect of the partitioning of China: “The greater part of Western Europe might then - assume the appearance and character already exhibited by tracts of country in the South of England, in the Riviera and in the tourist-ridden or residential parts of Italy and Switzerland, little clusters of wealthy aristocrats drawing dividends and pensions from the Far East, with a somewhat larger group of professional retainers and tradesmen and a larger body of personal servants and workers in the transport trade and in the final stages of production of the more perishable goods; all the main arterial industries would have disappeared, the staple foods and manufactures flowing in as tribute from Asia and Africa. . . . We have foreshadowed the possibility of even a larger alliance of Western states, a European federation of great powers which, so far from forwarding the cause of world civilisation, might introduce the gigantic peril of a Western parasitism, a group of advanced industrial nations, whose upper classes drew vast tribute from Asia and Africa, with which they supported great tame masses of retainers, no longer engaged in the staple industries of agriculture and manufacture, but kept in the performance of personal or minor industrial services under the control of a new financial aristocracy. Let those who would scout such a theory (it would be better to say: prospect) as undeserving of consideration examine the economic and social condition of districts in Southern England today which are already reduced to this condition, and reflect upon the vast extension of such a system which might be rendered feasible by the subjection of China to the economic control of

similar groups of financiers, investors, and political and business officials, draining the greatest potential reservoir of profit the world has ever known, in order to consume it in Europe. The situation is far too complex, the play of world forces far too incalculable, to render this or any other single interpretation of the future very probable; but the influences which govern the imperialism of Western Europe today are moving in this direction, and, unless counteracted or diverted, make towards some such consummation.”^[7]

The author is quite right: if the forces of imperialism had not been counteracted they would have led precisely to what he has described. The significance of a “United States of Europe” in the present imperialist situation is correctly appraised. He should have added, however, that, also *within* the working-class movement, the opportunists, who are for the moment victorious in most countries, are “working” systematically and undeviatingly in this very direction. Imperialism, which means the partitioning of the world, and the exploitation of other countries besides China, which means high monopoly profits for a handful of very rich countries, makes it economically possible to bribe the upper strata of the proletariat, and thereby fosters, gives shape to, and strengthens opportunism. We must not, however, lose sight of the forces which counteract imperialism in general, and opportunism in particular, and which, naturally, the social-liberal Hobson is unable to perceive.

The German opportunist, Gerhard Hildebrand, who was once expelled from the Party for defending imperialism, and who could today be a leader of the so-called “Social-Democratic” Party of Germany, supplements - Hobson well by his advocacy of a “United States of Western Europe” (without Russia) for the purpose of “joint” action ... against the African Negroes, against the “great Islamic movement,” for the maintenance of a “powerful army and navy”, against a “Sino-Japanese coalition,”^[8] etc.

The description of “British imperialism” in Schulze-Gaevernitz’s book reveals the same parasitical traits. The national income of Great Britain approximately doubled from 1865 to 1898, while the income “from abroad” increased nine-fold in the same period. While the “merit” of imperialism is that it “trains the Negro to habits of industry” (you cannot manage without coercion ...), the “danger” of imperialism lies in that “Europe will shift the burden of physical toil – first agricultural and mining, then the rougher

work in industry – on to the coloured races, and itself be content with the role of rentier, and in this way, perhaps, pave the way for the economic, and later, the political emancipation of the coloured races.”

An increasing proportion of land in England is being taken out of cultivation and used for sport, for the diversion of the rich. As far as Scotland – the most aristocratic place for hunting and other sports – is concerned, it is said that “it lives on its past and on Mr. Carnegie” (the American multimillionaire). On horse racing and fox hunting alone England annually spends £14,000,000 (nearly 130 million rubles). The number of rentiers in England is about one million. The percentage of the productively employed population to the total population is declining:

Population of England and Wales (in millions)		Number of workers in basic industries	Percent of total population
1851	17.9	4.1	23%
1901	32.5	4.9	15%

And in speaking of the British working class the bourgeois student of “British imperialism at the beginning of the twentieth century” is obliged to distinguish systematically between the “upper stratum” of the workers and the “lower stratum of the proletariat proper.” The upper stratum furnishes the bulk of the membership of co-operatives, of trade unions, of sporting clubs and of numerous religious sects. To this level is adapted the electoral system, which in Great Britain is still “sufficiently restricted to exclude the lower stratum of the proletariat proper”! In order to present the condition of the British working class in a rosy light, only this upper stratum – which constitutes a minority of the proletariat – is usually spoken of. For instance, “the problem of unemployment is mainly a London problem and that of the lower proletarian stratum, to which the politicians attach little importance...”^[9] He should have said: to which the bourgeois politicians and the “socialist” opportunists attach little importance.

One of the special features of imperialism connected with the facts I am describing, is the decline in emigration from imperialist countries and the increase in immigration into these countries from the more backward countries where lower wages are paid. As Hobson observes, emigration from Great Britain has been declining since 1884. In that year the number

of emigrants was 242,000, while in 1900, the number was 169,000. Emigration from Germany reached the highest point between 1881 and 1890, with a total of 1,453,000 emigrants. In the course of the following two decades, it fell to 544,000 and to 341,000. On the other hand, there was an increase in the number of workers entering Germany from Austria, Italy, Russia and other countries. According to the 1907 census, there were 1,342,294 foreigners in Germany, of whom 440,800 were industrial workers and 257,329 agricultural workers.^[10] In France, the workers employed in the mining industry are, “in great part,” foreigners: Poles, Italians and Spaniards.^[11] In the United States, immigrants from Eastern and Southern Europe are engaged in the most poorly paid jobs, while American workers provide the highest percentage of overseers or of the better-paid workers.^[12] Imperialism has the tendency to create privileged sections also among the workers, and to detach them from the broad masses of the proletariat.

It must be observed that in Great Britain the tendency of imperialism to split the workers, to strengthen opportunism among them and to cause temporary decay in the working-class movement, revealed itself much - earlier than the end of the nineteenth and the beginning of the twentieth centuries; for two important distinguishing features of imperialism were already observed in Great Britain in the middle of the nineteenth century - vast colonial possessions and a monopolist position in the world market. Marx and Engels traced this connection between opportunism in the working-class movement and the imperialist features of British capitalism systematically, during the course of several decades. For example, on October 7, 1858, Engels wrote to Marx: “The English proletariat is actually becoming more and more bourgeois, so that this most bourgeois of all nations is apparently aiming ultimately at the possession of a bourgeois aristocracy and a bourgeois proletariat alongside the bourgeoisie. For a nation which exploits the whole world this is of course to a certain extent justifiable.”^[13] Almost a quarter of a century later, in a letter dated August 11, 1881, Engels speaks of the “worst English trade unions which allow themselves to be led by men sold to, or at least paid by, the middle class”. In a letter to Kautsky, dated September 12, 1882, Engels wrote: “You ask me what the English workers think about colonial policy. Well, exactly the same as they think about politics in general. There is no workers’ party here, there are only Conservatives and Liberal-Radicals, and the workers gaily share the feast of England’s monopoly of the world market and the

colonies.”^[13] (Engels expressed similar ideas in the press in his preface to the second edition of *The Condition of the Working Class in England*, which appeared in 1892.)

This clearly shows the causes and effects. The causes are:

- (1) exploitation of the whole world by this country;
- (2) its monopolist position in the world market;
- (3) its colonial monopoly.

The effects are:

- (1) a section of the British proletariat becomes bourgeois;
- (2) a section of the proletariat allows itself to be led by men bought by, or at least paid by, the bourgeoisie.

The imperialism of the beginning of the twentieth century completed the division of the world among a handful of states, each of which today exploits (in the sense of drawing superprofits from) a part of the “whole world” only a little smaller than that which England exploited in 1858; each of them occupies a monopolist position in the world market thanks to trusts, cartels, finance capital and creditor and debtor relations; each of them enjoys to some degree a colonial monopoly (we have seen that out of the total of 75,000,000 sq. km., which comprise the whole colonial world, 65,000,000 sq. km., or 86 per cent, belong to six powers; 61,000,000 sq. km., or 81 per cent, belong to three powers).

The distinctive feature of the present situation is the prevalence of such economic and political conditions that are bound to increase the irreconcilability between opportunism and the general and vital interests of the working-class movement: imperialism has grown from an embryo into the predominant system; capitalist monopolies occupy first place in economics and politics; the division of the world has been completed; on the other hand, instead of the undivided monopoly of Great Britain, we see a few imperialist powers contending for the right to share in this monopoly, and this struggle is characteristic of the whole period of the early twentieth century. Opportunism cannot now be completely triumphant in the working-class movement of one country for decades as it was in Britain in the second half of the nineteenth century; but in a number of countries it has grown ripe, overripe, and rotten, and has become completely merged with bourgeois policy in the form of “social-chauvinism”.^[14]

Notes

- [1] Hobson, *op. cit.*, pp. 59, 62.
- [2] Schulze-Gaevernitz, *Britischer Imperialismus*, S. 320 et seq.
- [3] Sartorius von Waltershausen, *Das volkswirtschaftliche System, etc.*, Berlin, 1907, Buch IV.
- [4] Schilder, *op. cit.*, S. 393.
- [5] Schulze-Gaevernitz, *op. cit.*, S. 122.
- [6] *Die Bank*, 1911, 1, S. 10-11.
- [7] Hobson, *op. cit.*, pp. 103, 205, 144, 335, 386.
- [8] Gerhard Hildebrand, *Die Erschütterung der Industriegherrschaft und des Industriesozialismus*, 1910, S. 229 et seq.
- [9] Schulze-Gaevernitz, *Britischer Imperialismus* S. 301.
- [10] *Statistik des Deutschen Reichs*, Bd. 211.
- [11] Henger, *Die Kapitalsanlage der Franzosen*, Stuttgart, 1913.
- [12] Hourwich, *Immigration and Labour*, New York, 1913.
- [13] Briefwechsel von Marx und Engels, Bd. II, S. 290; 1V, 433 – Karl Kautsky, *Sozialismus und Kolonialpolitik*, Berlin, 1907, S. 79; this pamphlet was written by Kautsky in those infinitely distant days when he was still a Marxist.
- [14] Russian social-chauvinism in its overt form, represented by the Potresovs, Chkenkelis, Maslovs, etc., and its covert form (Chkeidze, Skobelev, Axelrod, Martov, etc.) also emerged from the Russian variety of opportunism, namely, liquidationism.

Chapter IX

Critique of Imperialism

By the critique of imperialism, in the broad sense of the term, we mean the attitude of the different classes of society towards imperialist policy in connection with their general ideology.

The enormous dimensions of finance capital concentrated in a few hands and creating an extraordinarily dense and widespread network of relationships and connections which subordinates not only the small and medium, but also the very small capitalists and small masters, on the one hand, and the increasingly intense struggle waged against other national state groups of financiers for the division of the world and domination over other countries, on the other hand, cause the propertied classes to go over entirely to the side of imperialism. “General” enthusiasm over the prospects of imperialism, furious defence of it and painting it in the brightest colours – such are the signs of the times. Imperialist ideology also penetrates the working class. No Chinese Wall separates it from the other classes. The leaders of the present-day, so-called, “Social-Democratic” Party of Germany are justly called “social-imperialists,” that is, socialists in words and imperialists in deeds; but as early as 1902, Hobson noted the existence in Britain of “Fabian imperialists” who belonged to the opportunist Fabian Society.

Bourgeois scholars and publicists usually come out in defence of imperialism in a somewhat veiled form; they obscure its complete domination and its deep-going roots, strive to push specific and secondary details into the forefront and do their very best to distract attention from essentials by means of absolutely ridiculous schemes for “reform,” such as police supervision of the trusts or banks, etc. Cynical and frank imperialists who are bold enough to admit the absurdity of the idea of reforming the fundamental characteristics of imperialism are a rarer phenomenon.

Here is an example. The German imperialists attempt, in the magazine *Archives of World Economy*, to follow the national emancipation movements in the colonies, particularly, of course, in colonies other than those belonging to Germany. They note the unrest and the protest movements in India, the movement in Natal (South Africa), in the Dutch

East Indies, etc. One of them, commenting on an English report of a conference held on June 28-30, 1910, of representatives of various subject nations and races, of peoples of Asia, Africa and Europe who are under foreign rule, writes as follows in appraising the speeches delivered at this conference: "We are told that we must fight imperialism; that the ruling states should recognise the right of subject peoples to independence; that an international tribunal should supervise the fulfilment of treaties concluded between the great powers and weak peoples. Further than the expression of these pious wishes they do not go. We see no trace of understanding of the fact that imperialism is inseparably bound up with capitalism in its present form and that, therefore [!!], an open struggle against imperialism would be hopeless, unless, perhaps, the fight were to be confined to protests against certain of its especially abhorrent excesses."^[1] Since the reform of the basis of imperialism is a deception, a "pious wish", since the bourgeois representatives of the oppressed nations go no "further" forward, the bourgeois representative of an oppressing nation goes "further" *backward*, to servility towards imperialism under cover of the claim to be "scientific." That is also "logic"!

The questions as to whether it is possible to reform the basis of imperialism, whether to go forward to the further intensification and deepening of the antagonisms which it engenders, or backward, towards allaying these antagonisms, are fundamental questions in the critique of imperialism. Since the specific political features of imperialism are reaction everywhere and increased national oppression due to the oppression of the financial oligarchy and the elimination of free competition, a petty-bourgeois-democratic opposition to imperialism arose at the beginning of the twentieth century in nearly all imperialist countries. Kautsky not only did not trouble to oppose, was not only unable to oppose this petty-bourgeois reformist opposition, which is really reactionary in its economic basis, but became merged with it in practice, and this is precisely where Kautsky and the broad international Kautskian trend deserted Marxism.

In the United States, the imperialist war waged against Spain in 1898 stirred up the opposition of the "anti-imperialists," the last of the Mohicans of bourgeois democracy who declared this war to be "criminal," regarded the annexation of foreign territories as a violation of the Constitution, - declared that the treatment of Aguinaldo, leader of the Filipinos (the - Americans promised him the independence of his country, but later landed

troops and annexed it), was “jingo treachery”, and quoted the words of - Lincoln: “When the white man governs himself, that is self-government; but when he governs himself and also governs others, it is no longer self-government; it is despotism.”^[2] But as long as all this criticism shrank from recognising the inseverable bond between imperialism and the trusts, and, therefore, between imperialism and the foundations of capitalism, while it shrank from joining the forces engendered by large-scale capitalism and its development, it remained a “pious wish”.

This is also the main attitude taken by Hobson in his critique of imperialism. Hobson anticipated Kautsky in protesting against the “inevitability of imperialism” argument, and in urging the necessity of “increasing the consuming capacity” of the people (under capitalism!). The petty-bourgeois point of view in the critique of imperialism, the omnipotence of the banks, the financial oligarchy, etc., is adopted by the authors I have often quoted, such as Agahd, A. Lansburgh, L. Eschwege, and among the French writers Victor Berard, author of a superficial book entitled *England and Imperialism* which appeared in 1900. All these authors, who make no claim to be Marxists, contrast imperialism with free competition and democracy, condemn the Baghdad railway scheme, which is leading to conflicts and war, utter “pious wishes” for peace, etc. This applies also to the compiler of international stock and share issue statistics, A. Neymarck, who, after calculating the thousands of millions of francs representing “international” securities, exclaimed in 1912: “Is it possible to believe that peace may be disturbed ... that, in the face of these enormous figures, anyone would risk starting a war?”^[3]

Such simple-mindedness on the part of the bourgeois economists is not surprising; moreover, *it is in their interest* to pretend to be so naive and to talk “seriously” about peace under imperialism. But what remains of Kautsky’s Marxism, when, in 1914, 1915 and 1916, he takes up the same bourgeois-reformist point of view and affirms that “everybody is agreed” (imperialists, pseudo-socialists and social-pacifists) on the matter of peace? Instead of an analysis of imperialism and an exposure of the depths of its contradictions, we have nothing but a reformist “pious wish” to wave them aside, to evade them.

Here is a sample of Kautsky’s economic criticism of imperialism. He takes the statistics of the British export and import trade with Egypt for

1872 and 1912; it seems that this export and import trade has grown more slowly than British foreign trade as a whole. From this Kautsky concludes that “we have no reason to suppose that without military occupation the growth of British trade with Egypt would have been less, simply as a result of the mere operation of economic factors.” “The urge of capital to expand ... can be best promoted, not by the violent methods of imperialism, but by peaceful democracy.”^[4]

This argument of Kautsky’s, which is repeated in every key by his - Russian armour-bearer (and Russian shielder of the social-chauvinists), Mr. Spectator, constitutes the basis of Kautskian critique of imperialism, and that is why we must deal with it in greater detail. We will begin with a quotation from Hilferding, whose conclusions Kautsky on many occasions, and notably in April 1915, has declared to have been “unanimously adopted by all socialist theoreticians.”

“It is not the business of the proletariat,” writes Hilferding “to contrast the more progressive capitalist policy with that of the now bygone era of free trade and of hostility towards the state. The reply of the proletariat to the economic policy of finance capital, to imperialism, cannot be free trade, but socialism. The aim of proletarian policy cannot today be the ideal of restoring free competition – which has now become a reactionary ideal – but the complete elimination of competition by the abolition of capitalism.”^[5]

Kautsky broke with Marxism by advocating in the epoch of finance capital a “reactionary ideal,” “peaceful democracy,” “the mere operation of economic factors,” for *objectively* this ideal drags us back from monopoly to non-monopoly capitalism, and is a reformist swindle.

Trade with Egypt (or with any other colony or semi-colony) “would have grown more” *without* military occupation, without imperialism, and without finance capital. What does this mean? That capitalism would have developed more rapidly if free competition had not been restricted by monopolies in general, or by the “connections,” yoke (i.e., also the monopoly) of finance capital, or by the monopolist possession of colonies by certain countries?

Kautsky’s argument can have no other meaning; and this “meaning” is meaningless. Let us assume that free competition, without any sort of monopoly, would have developed capitalism and trade more rapidly. But the

more rapidly trade and capitalism develop, the greater is the concentration of production and capital which gives rise to monopoly. And monopolies have already arisen – precisely out of free competition! Even if monopolies have now begun to retard progress, it is not an argument in favour of free competition, which has become impossible after it has given rise to monopoly.

Whichever way one turns Kautsky's argument, one will find nothing in it except reaction and bourgeois reformism.

Even if we correct this argument and say, as Spectator says, that the trade of the colonies with Britain is now developing more slowly than their trade with other countries, it does not save Kautsky; for it is also monopoly, also imperialism that is beating Great Britain, only it is the monopoly and imperialism of another country (America, Germany). It is known that the cartels have given rise to a new and peculiar form of protective tariffs, i.e., goods suitable for export are protected (Engels noted this in Vol. III of Capital^[12]). It is known, too, that the cartels and finance capital have a system peculiar to themselves, that of "exporting goods at cut-rate prices", or "dumping," as the English call it: within a given country the cartel sells its goods at high monopoly prices, but sells them abroad at a much lower price to undercut the competitor, to enlarge its own production to the utmost, etc. If Germany's trade with the British colonies is developing more rapidly than Great Britain's, it only proves that German imperialism is younger, stronger and better organised than British imperialism, is superior to it; but it by no means proves the "superiority" of free trade, for it is not a fight between free trade and protection and colonial dependence, but between two rival imperialisms, two monopolies, two groups of finance capital. The superiority of German imperialism over British imperialism is more potent than the wall of colonial frontiers or of protective tariffs: to use this as an "argument" in favour of free trade and "peaceful democracy" is banal, it means forgetting the essential features and characteristics of imperialism, substituting petty-bourgeois reformism for Marxism.

It is interesting to note that even the bourgeois economist, A. Lansburgh, whose criticism of imperialism is as petty-bourgeois as Kautsky's, nevertheless got closer to a more scientific study of trade statistics. He did not compare one single country, chosen at random, and one single colony

with the other countries; he examined the export trade of an imperialist country:

(1) with countries which are financially dependent upon it, and borrow money from it; and

(2) with countries which are financially independent. He obtained the following results:

Lansburgh did not draw conclusions and therefore, strangely enough, failed to observe that if the figures prove anything at all, they prove that he is wrong, for the exports to countries financially dependent on Germany have grown more rapidly, if only slightly, than exports to the countries which are financially independent. (I emphasise the “if”, for Lansburgh’s figures are far from complete.)

Tracing the connection between exports and loans, Lansburgh writes:

“In 1890-91, a Romanian loan was floated through the German banks, which had already in previous years made advances on this loan. It was used chiefly to purchase railway materials in Germany. In 1891, German exports to Rumania amounted to 55 million marks. The following year they dropped to 39.4 million marks and, with fluctuations, to 25.4 million in 1900. Only in very recent years have they regained the level of 1891, thanks to two new loans.

“German exports to Portugal rose, following the loans of 1888- to 21,100,000 (1890); then, in the two following years, they dropped to 16,200,000 and 7,400,000, and regained their former level only in 1903.

“The figures of German trade with Argentina are still more striking. Loans were floated in 1888 and 1890; German exports to Argentina reached 60,700,000 marks (1889). Two years later they amounted to only 18,600,000 marks, less than one-third of the previous figure. It was not until 1901 that they regained and surpassed the level of 1889, and then only as a result of new loans floated by the state and by municipalities, with advances to build power stations, and with other credit operations.

“Exports to Chile, as a consequence of the loan of 1889, rose to 45,200,000 marks (in 1892), and a year later dropped to 22,500,000 marks. A new Chilean loan floated by the German banks in 1906 was followed by a rise of exports to 84,700,000 marks in 1907, only to fall again to 52,400,000 marks in 1908.”^[6]

From these facts Lansburgh draws the amusing petty-bourgeois moral of how unstable and irregular export trade is when it is bound up with loans, how bad it is to invest capital abroad instead of “naturally” and “harmoniously” developing home industry, how “costly” are the millions in bakshish that Krupp has to pay in floating foreign loans, etc. But the facts tell us clearly: the increase in exports is connected with just these swindling tricks of finance capital, which is not concerned with bourgeois morality, but with skinning the ox twice – first, it pockets the profits from the loan; then it pockets other profits from the same loan which the borrower uses to make purchases from Krupp, or to purchase railway material from the Steel Syndicate, etc.

I repeat that I do not by any means consider Lansburgh’s figures to be perfect; but I had to quote them because they are more scientific than Kautsky’s and Spectator’s and because Lansburgh showed the correct way to approach the question. In discussing the significance of finance capital in regard to exports, etc., one must be able to single out the connection of exports especially and solely with the tricks of the financiers, especially and solely with the sale of goods by cartels, etc. Simply to compare colonies with non-colonies, one imperialism with another imperialism, one semi-colony or colony (Egypt) with all other countries, is to evade and to obscure the very essence of the question.

Kautsky’s theoretical critique of imperialism has nothing in common with Marxism and serves only as a preamble to propaganda for peace and unity with the opportunists and the social-chauvinists, precisely for the reason that it evades and obscures the very profound and fundamental contradictions of imperialism: the contradictions between monopoly and free competition which exists side by side with it, between the gigantic “operations” (and gigantic profits) of finance capital and “honest” trade in the free market, the contradiction between cartels and trusts, on the one hand, and non-cartelised industry, on the other, etc.

The notorious theory of “ultra-imperialism,” invented by Kautsky, is just as reactionary. Compare his arguments on this subject in 1915, with Hobson’s arguments in 1902.

Kautsky: “... Cannot the present imperialist policy be supplanted by a new, ultra-imperialist policy, which will introduce the joint exploitation of the world by internationally united finance capital in place of the mutual

rivalries of national finance capitals? Such a new phase of capitalism is at any rate conceivable. Can it be achieved? Sufficient premises are still lacking to enable us to answer this question.”^[7]

Hobson: “Christendom thus laid out in a few great federal empires, each with a retinue of uncivilised dependencies, seems to many the most legitimate development of present tendencies, and one which would offer the best hope of permanent peace on an assured basis of inter-imperialism.”

Kautsky called ultra-imperialism or super-imperialism what Hobson, thirteen years earlier, described as inter-imperialism. Except for coining a new and clever catchword, replacing one Latin prefix by another, the only progress Kautsky has made in the sphere of “scientific” thought is that he gave out as Marxism what Hobson, in effect, described as the cant of English parsons. After the Anglo-Boer War it was quite natural for this highly honourable caste to exert their main efforts to console the British middle class and the workers who had lost many of their relatives on the battlefields of South Africa and who were obliged to pay higher taxes in order to guarantee still higher profits for the British financiers. And what better consolation could there be than the theory that imperialism is not so bad; that it stands close to inter- (or ultra-) imperialism, which can ensure permanent peace? No matter what the good intentions of the English parsons, or of sentimental Kautsky, may have been, the only objective, i.e., real, social significance of Kautsky’s “theory” is this: it is a most reactionary method of consoling the masses with hopes of permanent peace being possible under capitalism, by distracting their attention from the sharp antagonisms and acute problems of the present times, and directing it towards illusory prospects of an imaginary “ultraimperialism” of the future. Deception of the masses – that is all there is in Kautsky’s “Marxist” theory.

Indeed, it is enough to compare well-known and indisputable facts to become convinced of the utter falsity of the prospects which Kautsky tries to conjure up before the German workers (and the workers of all lands). Let us consider India, Indo-China and China. It is known that these three colonial and semi-colonial countries, with a population of six to seven hundred million, are subjected to the exploitation of the finance capital of several imperialist powers: Great Britain, France, Japan, the U.S.A., etc. Let us assume that these imperialist countries form alliances against one another in order to protect or enlarge their possessions, their interests and

their spheres of influence in these Asiatic states; these alliances will be “inter-imperialist”, or “ultra-imperialist” alliances. Let us assume that all the imperialist countries conclude an alliance for the “peaceful” division of these parts of Asia; this alliance would be an alliance of “internationally united finance capital.” There are actual examples of alliances of this kind in the history of the twentieth century – the attitude of the powers to China, for instance. We ask, is it “conceivable,” assuming that the capitalist system remains intact – and this is precisely the assumption that Kautsky does make – that such alliances would be more than temporary, that they would eliminate friction, conflicts and struggle in every possible form?

The question has only to be presented clearly for any other than a negative answer to be impossible. This is because the only conceivable basis under capitalism for the division of spheres of influence, interests, colonies, etc., is a calculation of the strength of those participating, their general economic, financial, military strength, etc. And the strength of these participants in the division does not change to an equal degree, for the even development of different undertakings, trusts, branches of industry, or countries is impossible under capitalism. Half a century ago Germany was a miserable, insignificant country, if her capitalist strength is compared with that of the Britain of that time; Japan compared with Russia in the same way. Is it “conceivable” that in ten or twenty years’ time the relative strength of the imperialist powers will have remained unchanged? It is out of the question.

Therefore, in the realities of the capitalist system, and not in the banal philistine fantasies of English parsons, or of the German “Marxist,” Kautsky, “inter-imperialist” or “ultra-imperialist” alliances, no matter what form they may assume, whether of one imperialist coalition against another, or of a general alliance embracing all the imperialist powers, *are inevitably nothing* more than a “truce” in periods between wars. Peaceful alliances prepare the ground for wars, and in their turn grow out of wars; the one conditions the other, producing alternating forms of peaceful and non-peaceful struggle on one and the same basis of imperialist connections and relations within world economics and world politics. But in order to pacify the workers and reconcile them with the social-chauvinists who have deserted to the side of the bourgeoisie, over-wise Kautsky *separates* one link of a single chain from another, separates the present peaceful (and ultra-imperialist, nay, ultra-ultra-imperialist) alliance of *all* the powers for

the “pacification” of China (remember the suppression of the Boxer - Rebellion*) from the non-peaceful conflict of tomorrow, which will prepare the ground for another “peaceful” general alliance for the partition, say, of Turkey, on the day after tomorrow, etc., etc. Instead of showing the living connection between periods of imperialist peace and periods of imperialist war, Kautsky presents the workers with a lifeless abstraction in order to reconcile them to their lifeless leaders.

An American writer, Hill, in his *A History of the Diplomacy in the International Development of Europe* refers in his preface to the following - periods in the recent history of diplomacy: (1) the era of revolution; (2) the constitutional movement; (3) the present era of “commercial imperialism.”^[8] Another writer divides the history of Great Britain’s “world policy” since 1870 into four periods: (1) the first Asiatic period (that of the struggle against Russia’s advance in Central Asia towards India); (2) the African period (approximately 1885-1902): that of the struggle against France for the partition of Africa (the “Fashoda incident” of 1898 which brought her within a hair’s breadth of war with France); (3) the second Asiatic period (alliance with Japan against Russia); and (4) the “European” period, chiefly anti-German.^[9] “The political patrol clashes take place on the financial field,” wrote the banker, Riesser, in 1905, in showing how French finance capital operating in Italy was preparing the way for a political alliance of these countries, and how a conflict was developing between Germany and Great Britain over Persia, between all the European capitalists over Chinese loans, etc. Behold, the living reality of peaceful “ultra-imperialist” alliances in their inseverable connection with ordinary imperialist conflicts!

Kautsky’s obscuring of the deepest contradictions of imperialism, which inevitably boils down to painting imperialism in bright colours, leaves its traces in this writer’s criticism of the political features of imperialism. - Imperialism is the epoch of finance capital and of monopolies, which introduce everywhere the striving for domination, not for freedom. Whatever the political system, the result of these tendencies is everywhere reaction and an extreme intensification of antagonisms in this field. Particularly intensified become the yoke of national oppression and the striving for annexations, i.e., the violation of national independence (for annexation is nothing but the violation of the right of nations to self-

determination). Hilferding rightly notes the connection between imperialism and the intensification of national oppression. “In the newly opened-up countries,” he writes, “the capital imported into them intensifies antagonisms and excites against the intruders the constantly growing resistance of the peoples who are awakening to national consciousness; this resistance can easily develop into dangerous measures against foreign capital. The old social relations become completely revolutionised, the age-long agrarian isolation of ‘nations without history’ is destroyed and they are drawn into the capitalist whirlpool. Capitalism itself gradually provides the subjugated with the means and resources for their emancipation and they set out to achieve the goal which once seemed highest to the European nations: the creation of a united national state as a means to economic and cultural freedom. This movement for national independence threatens European capital in its most valuable and most promising fields of exploitation, and European capital can maintain its domination only by continually increasing its military forces.”^[10]

To this must be added that it is not only in newly opened-up countries, but also in the old, that imperialism is leading to annexation, to increased national oppression, and, consequently, also to increasing resistance. While objecting to the intensification of political reaction by imperialism, Kautsky leaves in the shade a question that has become particularly urgent, viz., the impossibility of unity with the opportunists in the epoch of imperialism. While objecting to annexations, he presents his objections in a form that is most acceptable and least offensive to the opportunists. He addresses himself to a German audience, yet he obscures the most topical and important point, for instance, the annexation of Alsace-Lorraine by Germany. In order to appraise this “mental aberration” of Kautsky’s I shall take the following example. Let us suppose that a Japanese condemns the annexation of the Philippines by the Americans. The question is: will many believe that he does so because he has a horror of annexations as such, and not because he himself has a desire to annex the Philippines? And shall we not be constrained to admit that the “fight” the Japanese is waging against annexations can be regarded as being sincere and politically honest only if he fights against the annexation of Korea by Japan, and urges freedom for Korea to secede from Japan?

Kautsky’s theoretical analysis of imperialism, as well as his economic and political critique of imperialism, are permeated *through and through*

with a spirit, absolutely irreconcilable with Marxism, of obscuring and glossing over the fundamental contradictions of imperialism and with a striving to preserve at all costs the crumbling unity with opportunism in the European working-class movement.

Notes

[1] *Weltwirtschaftliches Archiv*, Bd. II, S. 193.

[2] J. Patouillet, *L'impérialisme américain*, Dijon, 1904, p. 272.

[3] *Bulletin de l'Institut International de Statistique*, T. XIX, Lvr. II, p. 225.

[4] Kautsky, *Nationalstaat, imperialistischer Staat und Staatenbund*, Nürnberg, 1915, S. 72, 70.

[5] *Finance Capital*, p. 567.

[6] *Die Bank*, 1909, 2, S. 819 et seq.

[7] *Die Neue Zeit*, April 30, 1915, S. 144.

[8] David Jayne Hill, *History of the Diplomacy in the International Development of Europe*, Vol. I, p. X.

[9] Schilder, *op. cit.*, S. 178.

[10] *Finance Capital*, p. 487.

* **Boxer or I Ho T'uan Rebellion** The popular rebellion in China, 1899-1901, that was raised by the I Ho T'uan (literally: Alliance for Righteous Harmony). German, Japanese, British, American and Russian forces took part in crushing the rebellion. China was compelled to sign the Peking (Final) Protocol of 1901, which made the country responsible for heavy indemnities.

Chapter X

The Place of Imperialism in History

We have seen that in its economic essence imperialism is monopoly capitalism. This in itself determines its place in history, for - monopoly that grows out of the soil of free competition, and precisely out of free competition, is the transition from the capitalist system to a higher socio-economic order. We must take special note of the four principal types of monopoly, or principal manifestations of monopoly capitalism, which are characteristic of the epoch we are examining.

Firstly, monopoly arose out of the concentration of production at a very high stage. This refers to the monopolist capitalist associations, cartels, - syndicates, and trusts. We have seen the important part these play in present-day economic life. At the beginning of the twentieth century, monopolies had acquired complete supremacy in the advanced countries, and although the first steps towards the formation of the cartels were taken by countries enjoying the protection of high tariffs (Germany, America), Great Britain, with her system of free trade, revealed the same basic phenomenon, only a little later, namely, the birth of monopoly out of the concentration of production.

Secondly, monopolies have stimulated the seizure of the most important sources of raw materials, especially for the basic and most highly cartelised industries in capitalist society: the coal and iron industries. The monopoly of the most important sources of raw materials has enormously increased the power of big capital, and has sharpened the antagonism between - cartelised and non-cartelised industry.

Thirdly, monopoly has sprung from the banks. The banks have developed from modest middleman enterprises into the monopolists of finance capital. Some three to five of the biggest banks in each of the foremost capitalist countries have achieved the “personal link-up” between industrial and bank capital, and have concentrated in their hands the control of thousands upon thousands of millions which form the greater part of the capital and income of entire countries. A financial oligarchy, which throws a close network of dependence relationships over all the economic and

political institutions of present-day bourgeois society without exception – such is the most striking manifestation of this monopoly.

Fourthly, monopoly has grown out of colonial policy. To the numerous “old” motives of colonial policy, finance capital has added the struggle for the sources of raw materials, for the export of capital, for spheres of influence, i.e., for spheres for profitable deals, concessions, monopoly profits and so on, economic territory in general. When the colonies of the European powers, for instance, comprised only one-tenth of the territory of Africa (as was the case in 1876), colonial policy was able to develop – by methods other than those of monopoly – by the “free grabbing” of territories, so to speak. But when nine-tenths of Africa had been seized (by 1900), when the whole world had been divided up, there was inevitably ushered in the era of monopoly possession of colonies and, consequently, of particularly intense struggle for the division and the redivision of the world.

The extent to which monopolist capital has intensified all the contradictions of capitalism is generally known. It is sufficient to mention the high cost of living and the tyranny of the cartels. This intensification of contradictions constitutes the most powerful driving force of the transitional period of history, which began from the time of the final victory of world finance capital.

Monopolies, oligarchy, the striving for domination and not for freedom, the exploitation of an increasing number of small or weak nations by a handful of the richest or most powerful nations – all these have given birth to those distinctive characteristics of imperialism which compel us to define it as parasitic or decaying capitalism. More and more prominently there emerges, as one of the tendencies of imperialism, the creation of the “rentier state”, the usurer state, in which the bourgeoisie to an ever-increasing degree lives on the proceeds of capital exports and by “clipping coupons”. It would be a mistake to believe that this tendency to decay precludes the rapid growth of capitalism. It does not. In the epoch of imperialism, certain branches of industry, certain strata of the bourgeoisie and certain countries betray, to a greater or lesser degree, now one and now another of these tendencies. On the whole, capitalism is growing far more rapidly than before; but this growth is not only becoming more and more uneven in general, its unevenness also manifests itself, in particular, in the decay of the countries which are richest in capital (Britain).

In regard to the rapidity of Germany's economic development, Riesser, the author of the book on the big German banks, states: "The progress of the preceding period (1848-70), which had not been exactly slow, compares with the rapidity with which the whole of Germany's national economy, and with it German banking, progressed during this period (1870-1905) in about the same way as the speed of the mail coach in the good old days compares with the speed of the present-day automobile ... which is whizzing past so fast that it endangers not only innocent pedestrians in its path, but also the occupants of the car." In its turn, this finance capital which has grown with such extraordinary rapidity is not unwilling, precisely because it has grown so quickly, to pass on to a more "tranquil" possession of colonies which have to be seized – and not only by peaceful methods – from richer nations. In the United States, economic development in the last decades has been even more rapid than in Germany, and for this very reason, the parasitic features of modern American capitalism have stood out with particular prominence. On the other hand, a comparison of, say, the republican American bourgeoisie with the monarchist Japanese or German bourgeoisie shows that the most pronounced political distinction diminishes to an extreme degree in the epoch of imperialism – not because it is unimportant in general, but because in all these cases we are talking about a bourgeoisie which has definite features of parasitism.

The receipt of high monopoly profits by the capitalists in one of the numerous branches of industry, in one of the numerous countries, etc., makes it economically possible for them to bribe certain sections of the workers, and for a time a fairly considerable minority of them, and win them to the side of the bourgeoisie of a given industry or given nation against all the others. The intensification of antagonisms between imperialist nations for the division of the world increases this urge. And so there is created that bond between imperialism and opportunism, which revealed itself first and most clearly in Great Britain, owing to the fact that certain features of imperialist development were observable there much earlier than in other countries. Some writers, L. Martov, for example, are prone to wave aside the connection between imperialism and opportunism in the working-class movement – a particularly glaring fact at the present time – by resorting to "official optimism" (à la Kautsky and Huysmans) like the following: the cause of the opponents of capitalism would be hopeless if it were progressive capitalism that led to the increase of opportunism, or, if

it were the best-paid workers who were inclined towards opportunism, etc. We must have no illusions about “optimism” of this kind. It is optimism in respect of opportunism; it is optimism which serves to conceal opportunism. As a matter of fact the extraordinary rapidity and the particularly revolting character of the development of opportunism is by no means a guarantee that its victory will be durable: the rapid growth of a painful abscess on a healthy body can only cause it to burst more quickly and thus relieve the body of it. The most dangerous of all in this respect are those who do not wish to understand that the fight against imperialism is a sham and humbug unless it is inseparably bound up with the fight against opportunism.

From all that has been said in this book on the economic essence of imperialism, it follows that we must define it as capitalism in transition, or, more precisely, as moribund capitalism. It is very instructive in this respect to note that bourgeois economists, in describing modern capitalism, frequently employ catchwords and phrases like “interlocking”, “absence of isolation”, etc.; “in conformity with their functions and course of development”, banks are “not purely private business enterprises: they are more and more outgrowing the sphere of purely private business regulation”. And this very Riesser, whose words I have just quoted, declares with all seriousness that the “prophecy” of the Marxists concerning “socialisation” has “not come true”!

What then does this catchword “interlocking” express? It merely - expresses the most striking feature of the process going on before our eyes. It shows that the observer counts the separate trees, but cannot see the wood. It slavishly copies the superficial, the fortuitous, the chaotic. It reveals the observer as one who is overwhelmed by the mass of raw material and is utterly incapable of appreciating its meaning and importance. Ownership of shares, the relations between owners of private property “interlock in a haphazard way”. But underlying this interlocking, its very base, are the changing social relations of production. When a big enterprise assumes gigantic proportions, and, on the basis of an exact computation of mass data, organises according to plan the supply of primary raw materials to the extent of two-thirds, or three-fourths, of all that is necessary for tens of millions of people; when the raw materials are transported in a systematic and organised manner to the most suitable places of production, sometimes situated hundreds or thousands of miles

from each other; when a single centre directs all the consecutive stages of processing the material right up to the manufacture of numerous varieties of finished articles; when these products are distributed according to a single plan among tens and hundreds of millions of consumers (the marketing of oil in America and Germany by the American oil trust) – then it becomes evident that we have socialisation of production, and not mere “interlocking”, that private economic and private property relations constitute a shell which no longer fits its contents, a shell which must inevitably decay if its removal is artificially delayed, a shell which may remain in a state of decay for a fairly long period (if, at the worst, the cure of the opportunist abscess is protracted), but which will inevitably be removed.

The enthusiastic admirer of German imperialism, Schulze-Gaevernitz, exclaims:

“Once the supreme management of the German banks has been entrusted to the hands of a dozen persons, their activity is even today more significant for the public good than that of the majority of the Ministers of State. . . . (The “interlocking” of bankers, ministers, magnates of industry and rentiers is here conveniently forgotten.) If we imagine the development of those tendencies we have noted carried to their logical conclusion we will have: the money capital of the nation united in the banks; the banks themselves combined into cartels; the investment capital of the nation cast in the shape of securities. Then the forecast of that genius Saint-Simon will be fulfilled: ‘The present anarchy of production, which corresponds to the fact that economic relations are developing without uniform regulation, must make way for organisation in production. Production will no longer be directed by isolated manufacturers, independent of each other and ignorant of man’s economic needs; that will be done by a certain public institution. A central committee of management, being able to survey the large field of social economy from a more elevated point of view, will regulate it for the benefit of the whole of society, will put the means of production into suitable hands, and above all will take care that there be constant harmony between production and consumption. Institutions already exist which have assumed as part of their functions a certain organisation of economic labour, the banks.’ We are still a long way from the fulfilment of Saint-Simon’s forecast, but we are on the way towards it: Marxism, different from what Marx imagined, but different only in form.”[1]

A crushing “refutation” of Marx indeed, which retreats a step from Marx’s precise, scientific analysis to Saint-Simon’s guess-work, the guess-work of a genius, but guess-work all the same.

Note:

[1] Grundriss der Sozialökonomik, S. 146.