



NO. 24      NOVEMBER 1975  
SPECIAL ISSUE

FOCUS ON IMPERIALISM

TANU YOUTH LEAGUE  
THE UNIVERSITY OF DAR ES SALAAM



" H A J I M A J I "

ISSUE NO. 24

NOVEMBER 1975

Published by:  
THE TANU YOUTH LEAGUE,  
UNIVERSITY DISTRICT,  
P. O. Box 35054,  
DAR ES SALAAM  
Tanzania.

EDITORIAL COMMITTEE

P. B. Bateyunga  
A. M. Mwakisesse  
E. D. Kisusi  
M. N. Polisya  
J. A. Mwani  
M. Kamugisha  
J. Federick  
O. A. Fanuel  
W. Mushi  
S. Haji

C O N T E N T S

	<u>Page</u>
EDITORIAL .....	ii
THE POLITICAL ECONOMY OF IMPERIALISM .....	1

\*\*\*\*\*

OPPRESSED OF THE WORLD UNITE!

YOU HAVE NOTHING TO LOSE BUT YOUR CHAINS!

YOU HAVE A WORLD TO WIN!

\* \* \* \* \*



## EDITORIAL.

This issue is specially devoted to the study of imperialism. As the imperialist-caused tragedy in Angola testifies now to us, imperialism is a real enemy of all the oppressed peoples. Our duty as members of anti-imperialist forces, is to fight and defeat imperialism decisively. But if we want to do that effectively we must thoroughly analyze it and clearly understand its essence. Our Correspondent examines this subject and makes valuable comments towards that goal. <sup>His</sup> ~~His~~ is an invaluable contribution to the anti-imperialist struggle. It is in this context that we publish this special issue and welcome positive ideas on the subject from our readers.

On November 11, 1975, the last manifestation of Portuguese Colonialism in Africa was destroyed and the people of Angola under the heroic leadership of MPLA gained political independence. But the Angolan independence came under specific circumstances. Out of wheel we would have two lessons to learn, first that imperialism is a real enemy and dies hard, and secondly the question of independence cannot be isolated from the struggle of the working masses to liberate themselves from the yoke of exploitation.

We have noted with concern that there is an attempt to view the struggle between the revolutionary forces of MPLA and the other imperialist Collaborators-FNLA and UNITA-as a power-struggle, such is a mere description, devoid of scientific analysis, and at most amounting to a confusion of issues. We have had occasion to state before that the struggle in Angola is between the oppressed people on one side led by the revolutionary, progressive MPLA and imperialism on the other, utilizing its tools-FNLA and UNITA. No one will say that the open collaboration between FNLA and UNITA with the Vorster regime is a surprising turn of events. It has always been there, albeit clandestinely.

It is the bounden duty of all progressive elements in Africa and the world over to declare their support for MPLA. To hesitate and resort to "A call of withdrawal of all foreign influence" is to evade the issue, for imperialism hearkens not to mere words; the language it understands best is that of the gun. Let us take our lesson from our comrades of FRELIMO who unhesitatingly took their stand on November, 11 1975 and support MPLA.

The hesitancy with which the OAU seems to move with regard to the Angolan questions reveals its impotency as a tool for progress, and the depth to which it is steeped in the imperialist Stew-pot.

We in MAJIMAJI take our firm stand, as we have always done in the past and categorically denounce the imperialist lackeys-stooges-the FNLA and UNITA. We recognize MPLA as the only authentic people's organisation which holds at heart the interest of the imperialist-oppressed Angolan masses. The wheel of Progress cannot be reversed. The Angolan people under the correct and vigilant leadership of MPLA shall triumph. Meantime the struggle must continue. And for the people Victory is certain!



## THE POLITICAL ECONOMY OF IMPERIALISM\*

By D.W. Nabudere

New and increasing interest is currently being witnessed in the study and discussion on imperialism. This is not surprising. Since Lenin's Booklet on imperialism appeared, a barrage of bourgeois criticism emerged which was intended to demonstrate that Lenin's analysis was one-sided, since it sought to explain imperialism "solely" as an economic phenomenon. This criticism still continues in the same old way with new emphasis. But in recent discussions among those who prefer to identify themselves as Marxists, imperialism is being examined either to show the correctness of Lenin's thesis, or to demonstrate its incorrectness by calling to aid "Marxist analysis". This "neo-Marxist" school can be divided into two groups. The first which seeks to examine monopoly capital from the centre, [the centrists] and the second group which seeks to examine it from the periphery [the peripherists.]

In this paper we try to show in the first section the reasons why renewed interest in imperialism has occurred. In the second we examine the historical reasons why the bourgeoisie have never developed a scientific philosophy which can explain modern imperialism. In the third section we analyse in short the characteristics of mercantilist imperialism and the conditions leading to capitalist development. The emergence of capitalism as a system and the laws of motion specific to it are then examined in section four and five, thus laying the ground for distinguishing "free trade imperialism" from the modern finance imperialism. We then present in section six Lenin's thesis on modern imperialism examining the characteristics specific to this stage as the highest stage of capitalist development. The developments of the inter-war period are then briefly discussed as a prelude to discussing multilateral imperialism of the post-war period in section seven, in which we also present and refute arguments of the "centre-periphery" ideologists on imperialism. But we first examine the reasons behind the new interest on imperialism.

### I. Reasons for recent interest in imperialism

In our view at the back of this interest, we discern three major explanations. The first is that for those who associate imperialism

\*The contents of this paper were first given in a public lecture to the University of Dar es Salaam Economic Association on 1st September 1975; and are based on my manuscript by the same title.



with colonisation as such, the process of decolonisation has been seen by them not to have put a stop to the imperialist exploitation of the labour and resources of these countries. The populism of the petty-bourgeoisie and/or "national bourgeoisie" has never managed to conceal this major contradiction, and hence the clap-trap about "no political independence without economic independence". For this reason agitation against imperialism in international bodies like the UNO, GATT, IMF, UNCTAD etc. add to this interest about imperialism.

Secondly, the open imperialist aggression against those forces still fighting for national liberation, against open colonialism and neo-colonialism, have been resisted by the imperialist camp regardless of differences on details among the imperialist states. This has exposed imperialist aims in maintaining colonialism and neo-colonialism. Thus Portuguese ultra-colonialism and its barbaric wars of repression were only possible with joint imperialist support through NATO etc. Equally the U.S. war of aggression in Indo-China, was a war of the entire imperialist camp against forces of national liberation. Their defeat in these areas sent shivers throughout the whole imperialist camp. In such circumstances of open conflict efforts by imperialism to hide its aggressive and exploitative nature behind outworn catch-phrases like "fighting to contain communist expansionism" sounded hollow to the people of the world, thus exposing imperialism even more. In this way the American working class and youth increasingly gained tremendous consciousness, and imperialism as a world system attracted wider interest in the U.S. in particular, and throughout the world in general.

The third and last but not the least cause has been the growing forces of socialism opposed to imperialism. Since the Revolution of 1917 in the Soviet Union, the frontiers of imperialism have been shrinking slowly but surely. From one-sixth in 1917, the socialist camp expanded to one third in 1945, and has grown to new heights in 1975 - the year of Indo-China. These growing forces of socialism have naturally helped focuss world attention against imperialism. Although liberated, these countries have never escaped the harassment of imperialist reaction. From the interventionist wars against the young Soviet state; to the "domino theory" aggression in Indo-China intended to isolate the Peoples Republic of China, Vietnam and Korea; to the blockade of Cuba - all these are a catalogue of events that have gone to expose imperialism increasingly and thus creating new interest in literature and discussion. These three



reasons are of course not exhaustive but in our view are the most important ones. The recent phenomenon of the rise of the trans-national corporation has of course added to this interest, but as we shall see this phenomenon is only the intensification of monopoly capitalism on world scale in conditions of multilateral imperialism, and deserves no special attention as such.

### Historical Reasons Why Bourgeois Failed to develop a theory to explain Imp.

Bourgeois ideologists in their "refutation" of Marxist Leninist theory of imperialism have sought to show that political factors and psychological factors can equally and do in fact explain why colonisation took place at different periods of time. This is because they associate imperialism solely with colonisation. The Marxist-Leninist explanation has sought to trace a true understanding of imperialism to the development of societies. Hence a study of imperialism to us, is a study of historical materialism, the study of the development of human societies in their essentially contradictory movement. It also implies a study of dialectical materialism, which gives us the scientific tools for analysing these contradictory forces in nature and societies. These two constitute modern materialist philosophy. It also entails the study of political economy, for the development of man and his society is a development by man of his productive forces together with the corresponding production relations. All these help us to isolate laws of social development which then enable us to study the different modes of production and the laws of motion specific to them.

These three constitute Marxist-Leninist ideology and science; so that a Marxist-Leninist analysis of modern imperialism is both an ideology of the proletariat, as well as a scientific exposition of capitalism at a specific stage of its development. Bourgeois ideologists would smile at this statement for to them it is impossible for an ideology to be scientific. This is not surprising, for historically the bourgeoisie could not have advanced materialistic philosophy to a scientific level. When they emerged as a class still within the womb of feudalism, they counterposed mechanical science to theology under the guise of "natural philosophy". They made tremendous contribution to the rise of modern science although instead of going further they retrogressed. From the Renaissance in the latter half of the fifteenth century interest in the philosophies of antiquity slowly shattered the dictatorship of the church over men's minds, and with the Reformation, protestantism became the agent for such change among the Germanic peoples. In Italy there was the work of Leonard da Vinci who, like all great men of



the period, took advantage of the new developments to travel widely, and in this way made valuable scientific observations in his travels. These discoveries pushed scientific knowledge forward.

But perhaps one single development which created a new age in natural science was the great work of Copernicus. From this moment onwards natural science was liberated from theology, although up to this day the church still makes effort to bring science within its confines. There is no doubt that from this day the bourgeoisie who increasingly challenged the church made rapid developments. Beginning with the science of terrestrial bodies made solid by Kepler's discovery of the laws of planetary movement, Newton formulated the general laws of matter. By the first part of the eighteenth century, although no doubt great advances had been achieved, natural science could not make any significant breakthrough in the general outlook on nature until the next century, by which time the bourgeoisie were becoming rapidly a reactionary force. No, such progress could be made so long as motion in all nature was restricted to the absolute immutable laws that mechanical science was able to elaborate at this time. All change and all development in nature was denied. As Engels commented: "Natural science, so revolutionary at the outset, suddenly found itself confronted by an out-and-out conservative nature, in which even today everything was as it had been from the beginning and in which - to the end of the world or for all eternity - everything would remain as it had been since the beginning".<sup>2</sup>

Here then we see that science, although it had challenged the church in the earlier phase, still remained deeply enmeshed in theology. "Everywhere it sought and found the ultimate cause in an impulse from outside that was not to be explained from nature itself."<sup>3</sup> It is only with philosophers beginning with Kant, Descartes, Dalton, etc. that the idea of the first impulse was done away with, establishing that the earth and the solar system had come into being in the course of time. Further scientific researches confirmed motion in nature linking organic and inorganic bodies through the laws of chemistry. But science even with this prop up of philosophy was still "predominantly a collecting science,"<sup>4</sup> a science of "finished things".<sup>4</sup> It could only breakthrough out of this limbo to become a true science, concerned not with collection but with systematising, a science of the processes, of the origin, development and interconnection of all the process into one-coherent whole, only with the three great discoveries of the first half of the nineteenth century. These were the discovery of the cell as the uni



from which the whole plant and animal body develops, multiplies, and differentiates. Then there was the theory of transformation of energy, which demonstrated that all forces - heat, radiation, electricity, magnetism and chemical energy were different forms of manifestation of universal motion. Finally, there was the proof by Darwin that all organic products of nature including man, were the result of a long process of evolution from a few originally unicellular germs, and that these arose from protoplasm or albumen which came into existence by chemical means. With these great discoveries a point was reached where it was now possible to demonstrate the interconnection between the processes in nature not only in particular spheres but also the interconnection of these particular spheres on the whole and present in an appropriately systematic form a comprehensive view of the interconnection in nature by means of the facts provided by empirical natural science itself.<sup>4</sup> On this basis the dialectical interconnection of nature as a "system of nature" became possible.

But who was to bring about this science? The bourgeoisie by 1830s were denying the very basis for developing such a scientific synthesis of knowledge. There was emerging every effort to deny philosophy any role in systematising the sciences. Auguste Comte put forward a "new positive science" to "put an end to metaphysical speculation". In 1836 John Stuart Mill was hitting at the "mistiness of what we find represented as preliminary and fundamental notions". To him what were first principles were in truth last principles requiring proof: "Instead of being fixed point from whence the chain of proof which supports all the rest of science hangs suspended, they are themselves the remotest links of the chain. Though presented as if all other truths were to be deduced from them, they are truths which are last arrived at."<sup>5</sup> As we all know, this positivist movement unleashed a chain of obscurantism with which today's bourgeois sociology is bewildered.<sup>6</sup>

It is for this reason that the historic mission to complete this scientific struggle ending with Darwin's work lay in the hands of a new class. It no longer was in the class interest of the bourgeoisie to develop philosophy and science together. They had attained what they desired and had dropped out their utilitarian moral philosophy with which they dragged the feudal aristocracy to the Bastille. They no longer saw need in philosophy. Theology and obscurantism were sufficient. All they required were the natural sciences, since the development of capitalist production depended on them. The proletariat who had a new vision of society arising



out of capitalist contradictory development saw need for philosophy. But in order to confront the bourgeoisie as a class their philosophy had to be a scientific one arising out of the developments of natural science and philosophy in general. Their ideological representatives, Marx and Engels, were the people poised to carry out this mission.

Marxism then emerged as the anti-thesis of bourgeois obscurantism. From German philosophy, English political economy, French socialism they built materialist philosophy and scientific socialism. Materialist philosophy they built-up no longer was opposed to natural science. On the contrary these merged into a coherent whole. Marxism had brought human knowledge to a point where Engels could finally state THE TRUTH IS THE WHOLE. On the other hand bourgeois "Science" remained and stagnated in the eighteenth century and never grew out of it. For instance bourgeois economic "science" stagnated essentially at 1776, for since Adam Smith's Wealth of Nations of that year, bourgeois political economy still retains as its basic thesis, simple reproduction as constituting the rationale behind capitalist production. Ricardo never made any progress in this particular respect. Modern bourgeois economists instead of moving forward stuck to this formulation which represented simple reproduction of feudal commodity production as the basis of capitalist production and not expanded reproduction based on modern machinery. Bourgeois political economy, therefore cannot comprehend the laws of motion leading to modern imperialism.

### Mercantile Imperialism

### III.

But armed with a scientific ideology Marxism-Leninism found no problem in explaining imperialism or for that matter any social phenomenon. It did not claim to have absolute knowledge, for that would be nonsensical. On the contrary it stated that given the scientific tools in our hands at present we are able to comprehend social reality around us and with the method of historical and dialectical materialism, and with political economy, imperialism can be analysed scientifically.

To be sure, imperialism does not emerge only in our life time. It existed in antiquity, under feudalism, and does so under capitalism. Indeed as Lenin observed: "Colonial policy and imperialism existed before the latest stage of capitalism, and even before capitalism. Rome, founded on slavery, pursued a colonial policy and practiced imperialism. But 'general' disquisitions on imperialism, which ignore or put to the background, the fundamental difference between socio-economic formations, inevitably turn into the most vapid banality."



bragging, like the comparison: 'Greater Rome and Greater Britain'. Even the capitalist colonial policy of previous stages of capitalism is essentially different from the colonial policy of finance capital."<sup>7</sup>

Thus for us, modern imperialism is a stage of development of capitalism at its highest level - that of monopoly capitalism based on finance capital. It was preceded before it by a mercantilist imperialism; based on feudal merchant capital, and the British free trade imperialism based on industrial and loan capital. All these are stages of the development of capital, the first within the womb of feudalism, the second on its own as a system propelled by its own laws of motion in its youthful age, and the third in its moribund, decadent, old age. Therefore there cannot be any misconception as to what imperialism is. For us it has to be analysed in relation to the age and the stage of development of human society, looking at its material base, the productive forces that propel it, and the corresponding property relations and their interaction, hence the ideologies that sustain them.

When mercantilist imperialism emerges it does so, by erecting itself on the foundations of feudal "natural economy" based on lord/serf production relationship. The "natural economy" is a self-sufficient one based essentially on agriculture and domestic handicraft industry. The product worked out of serf labour is distributed into two parts - one for the subsistence, maintenance and reproduction of the serf and his family, and the other the surplus product expropriated by the aristocrats of the manor through "extra economic means" for their consumption, and the maintenance of their state hirelings.

The antagonism on which this production structure is erected soon led to developments in the productive forces - with the serf increasingly demanding to retain more of his product. The introduction of money and the trade that emerged with it enabled the slow but sure dissolution of feudal bonds. The rise of the towns intensifying with long distance trade further exacerbated the property relations and the contradictions between country and town. The merchant class which thrived on this trade created the conditions for the plunder of other lands through a relationship of unequal exchange. Here merchant capital found its rationale.

Western feudalism, a distinct mode of production, with more developed class relationships entered into contact with other modes of production relatively at lower level of development, in Asia;



Africa and South America. The products "exchanged" between the two modes which merchants scrambled for were of unequal value.

? On the one side, (Europe) they are exchange values, on the other (in the underdeveloped areas) they are merely use values not produced for exchange as such. As Marx observed: "So long as merchants capital promotes the exchange of products between the undeveloped societies, commercial profit not only appears as outbargaining and cheating but also largely originates from them. Apart from the fact that it exploits the differences between the prices of production of various countries (in this respect it tends to level and fix the values of commodities), those modes of production bring it about that merchants capital appropriates an overwhelming portion of the surplus product, partly as a mediator between communities which still substantially produce for use-value, or for that matter any scale of products at their value is of secondary importance; and partly, because under those modes of production the principal owners of the surplus product with whom the merchants deal to represent the consuming wealth and luxury which the merchants seek to trap..."<sup>18</sup>

Thus mercantilist imperialism was therefore essentially based on and arose out of trade in products of unequal values in two or more different modes of production. This trade was quite distinct from free trade and trade under finance imperialism - both based on capitalist production at both ends although stunted at the one end, and not trade qua trade. As we shall see, one group of the "centre-periphery" ideologists seek to take us back to this level of conception of modern imperialism, by comparing today's trade between the "centre" and the "periphery" with the "unequal exchange" of this period.

Primitive accumulation which arises out of merchants capital creates the conditions for capitalist production and development. It is not that merchants turned into industrial entrepreneurs. On the contrary only a small segment did so, and in course of time became real obstacles to it and declined with its development. The "real revolutionary way" of capitalist development according to Marx occurred when a section of the producers themselves accumulated capital on their own account, and through trade, organised production on a capitalist basis away from guild restrictions.

This they did by deteriorating the conditions of the other direct producers, first through the "putting-out system", and later by the direct employment of labour, absorbing their surplus labour on the basis of the feudal mode of production and transforming it in the interest of a wider market and greater profit. This process



was of crucial importance to the new class. As Marx said, this process that clears the way for the capitalist system, is no other than the system that separates the producers from their means of production turning them into producers of surplus-value. It does so by taking away from the labourer's possession his means of subsistence and means of production and turns them into variable and constant capital, and in this way turns the direct producers into wage-labourers. The so-called primitive accumulation of capital is therefore nothing else than the historical process of divorcing the producers from the means of production, primitive because it forms the pre-historic stage of capital and the mode of production corresponding with it, just as the plunder, the enslavement, and entombment of aboriginal peoples is the other.

Poised in this manner capitalist production historically comes to the scene, smashing through the barricades of feudal production and bringing along with it the productive forces and the new capitalist relations. With the rise of modern machinery, the capitalist mode properly emerges with its own laws of motion which become generalized. Under these laws of motion specific to capitalist production, the capitalist and the proletariat confront one another as the new classes out of the old, one transient and the other historical, the capitalist fulfilling the transient but necessary role and the proletariat fulfilling the historical (i.e. revolutionary) role leading ultimately to a newer and higher mode of production - the socialist/communist.

The producer, who was dispossessed becomes the new producer of capital and its anti-thesis. He produces value. Through the control of the objectified power (means of production) and state power the capitalist expropriates the major part of this value to himself (surplus-value) and pays to the proletariat that part of the value (wage) which enables him to subsist and reproduce more labour. This relation between the worker and capitalist constitutes the basic contradiction of capitalism which propels it on and finally brings it down, thus paving the way to the new.

Whence arises this contradiction that ultimately enables us to comprehend imperialism under capitalist production? In our view the origin of the contradiction lies in the necessary struggle



that arises between living labour and dead labour as represented by the two classes! These two are necessary to capitalist production. The problem presents itself both historically as a general movement of capitalism as a whole and specifically as a particular problem of an individual capitalist. The ideal situation for the worker is to apply his labour to his means of production, consuming a greater part and putting aside a part (seed etc.) for production in the next period. This as we have seen was negated historically. The ideal situation for the capitalist is to apply dead labour to living labour such that he has the highest possible surplus-value which enables him to accumulate and plough back some of the product as capital for further production without resistance from the labourer. This however is out of the question and production is possible only under given conditions, and these conditions are determined by the struggles between the two classes and hence the contradiction.

The capitalist will apply as much dead labour as is possibly in his control. At first he uses this capital to apply it to living labour requiring the worker to work the longest hours possible. Moreover as the machinery becomes better and capable of being manipulated by child and female labour, this process is intensified against the whole family, who now work for much longer hours (four times if the family is four), for the same or slightly more wages as compared to that which would have been worked by an adult breadwinner. In this way the capitalist has a higher rate of profit and surplus-value which Marx called absolute surplus-value. This process not only produces more and better dead labour and consumer goods; it also produces a struggle for shorter working hours and against the employment of child and female labour as the process intensifies. Here it becomes apparent that the worker is creating conditions for his exploitation amid conditions favouring his emancipation. This is because the capitalist soon uses the increased dead labour to raise the productivity of living labour, which as working hours are reduced reap him a still higher surplus value which Marx called relative surplus-value.<sup>10</sup> This solution of the capitalist momentarily continues production at higher levels but at the same time creates more favourable material conditions for the struggle by the working class against him and his class.

As the capitalist is increasingly forced to reduce working hours he increases machinery, doubles or trebles the turnover of labour into shifts and keeps his machinery working through day and night. This again helps him to fight what Marx calls the "moral depreciation of the machinery through non-use. Although this increases its wear



and wear, it nevertheless produces sufficiently to replace itself with better machinery. This capability of the capitalist to intensify the exploitation of labour through the increased application of machinery etc. is not limitless. It leads to higher organic composition of capital and soon winds itself into increasingly irreversible movements which as we shall see reflect the limits of capitalist production, expressed as crises, but indicating the highest contradiction between the classes.

The movement of the individual capital analysed above has a concomitant in the movement of the total social product. This Marx analyses in Book II, Part III, of his Capital volume II.

Marx represents this movement in schema composed of two departments. These represent again the two classes in production. For simplicity of analysis he closes the capitalist nation from the outside world, thus excluding foreign trade. He further assumes that the products in the two departments including labour-power, exchange at their real value. Finally he assumes that no technical changes nor improvements in the skills of the workers take place. For him the fact that prices diverge from their values does not exert any influence on the movements of the social capital. On the whole there is the same exchange of the same quantities of products, although the individual capitalists are involved in value-relations no longer proportioned to their respective advances and to the quantities of surplus-value produced singly by everyone of them. Furthermore the changes in technology and skills are merely changes in relative magnitudes of the proportions of value which function in the one or other capacity, because other values will have taken the places of the original ones. This is necessarily the case so long as the changes are universally and evenly distributed.

To the extent that they are not, however, will mean that they represent divergences from unchanged value-relations, but once a law is proved according to which one portion of the value of the annual product replaces the constant capital and another portion the variable capital, any such divergencies would not alter anything in this law. As we shall see Marx examines these changes and divergences etc. in his Capital Volume III, thus bring his analysis in the other two volumes down to the real world.

With this background Marx examines how the products in the two departments are exchanged - Department I (Means of Production) and Department II (Means of consumption). He first examines the exchange under simple reproduction, i.e. reproduction on the same



scale. This he does again to simplify the analysis, for once this is done, expanded reproduction which is always a part of it, can be examined separately as an actual factor of accumulation. In the exchange that takes place between the two departments, the workers' wages and that portion of the capitalists' surplus-value, which they have to consume personally are exchanged with the product in the department producing means of consumption. There remains another portion of the surplus-value which is not utilised for personal consumption. This is the part that goes to the accumulation and ploughing back in the next period. This portion of the surplus-value (constant capital), is exchanged with the product in the department producing means of production. In so realising the surplus-value and wages in the industries which produce means of production, this exchange thereby realises the constant capital in the industries which produce articles of consumption. That part of the constant capital which is not realised in this manner is partially realised by part of the product going back to production in its natural form (e.g. used to produce more coal) and partly by exchange between individual capitalists in the same department (e.g. exchange of coal with iron).<sup>12</sup> In this way the "capital for one becomes revenue for another". This is proved by the fact that about 90% of pig iron in the U.S. is "consumed" by the companies that produce it, and 50% of the products of the steel industry is "consumed" by the transportation industry.<sup>12a</sup>

The analysis above is crucially important for the proper understanding of the debate on imperialism, which has tended to centre around the so-called realisation problem. This debate has its roots partly in classical political economy and partly in elements who have sought to accept the Marxist analysis, but have vulgarised it in the process and thus tried to push Marx back into bourgeois classical political economy and its modern variants.

As we indicated earlier in passing, bourgeois economics has never risen above Adam Smith's simple reproduction. To Adam Smith capitalist production was essentially concerned with M-C-M-, whereby the capitalist starts off with Money, turns it into Commodities, which he then realises in Money again. Here clearly the rationale for production is lacking since the capitalist ends up as before. Although bourgeois classical <sup>political</sup> ~~economy~~ recognised that capitalist production could not go on on this basis, <sup>their</sup> ~~theoretical~~ formulation never went beyond it. Thus Adam Smith tells us that the total social product (revenue) is divided into two parts: wages and surplus-value (which is split into profit and rent). These are incomes which according to him enable production to go on. The incomes of the classes constitute total consumption and hence total production. Here classical political economy obscures one thing



and that is that capitalist production involves more than production for personal consumption of the classes.

Marx's contribution lay in demonstrating that capitalist production is only possible on the basis of expanded reproduction. Instead of the individual product or the total social product being divided into two parts as Adam Smith and his followers held (i.e. wages and surplus value = wages + profit, rent) Marx showed that the product dissolved into three parts namely constant capital; variable capital, and surplus value. He showed that the rationale behind capitalist production was accumulation. The capitalist did not produce to get the same product. The rationale was to be found in M-C-M'. It was from the latter expanded product that accumulation took place. Here Smith's division was shown to miss constant capital as a factor of accumulation which is not consumed personally but only productively. It will be observed that to Proudhon and the Narodniks (Russian populists) as well as to Sismondi, capitalism was seen as being impossible precisely because of the basic error made by Adam Smith but which for us is solved by Marx.

This was because, as we have seen, they stick to this outward Smithian simple reproduction dogma. They argued that in the long run surplus-value cannot be realised because social wealth cannot be expanded, that the foreign market must be resorted to because surplus-value cannot be realised in one country, and that capitalist crises occur because the product cannot be realised through consumption by the capitalists and workers alone.

This is the same error - in another form - that Rosa Luxemburg commits in her two books<sup>13</sup>. She takes Marx's reproduction schema in volume II of Capital as her point of departure, and goes on to accuse Marx of not correctly approaching the problem of accumulation other than "devising a few models" and "merely suggesting an analysis." According to her the central question of capitalist production is the market. Although the capitalist is motivated by profit, he must have a "steadily increasing possibility of selling the commodities". This is important in keeping the accumulation as a continuous process. She attacks Marx for analysing the two departments assuming that only two classes exist in the "world" (which Marx never did). She blames Marx too of excluding technical change and foreign market. The result according to her is that Marx does not deal with "total capital" in the "real world".

Because Luxemburg did not understand Marx's method and his two reproduction schema, she came to the wrong conclusion that realisation on the basis of expanded reproduction in Marx's two



department is impossible. In order to get out of the problem, she created a third department. According to her "there must be more than the two big portions of the social stock of commodities".<sup>14</sup> This is because to her constant capital is unrealisable in the two departments. Once it is understood that for Luxemburg such realisation is impossible from the incomes of the two classes, we shall appreciate why this third department is a prelude to her finding of a "third market" outside the capitalist country - nay outside capitalism. This third market, which the capitalists are forced to find, must consist of "other buyers who receive their means of purchase from an independent source, and do not get it out of the pocket of the capitalists"<sup>15</sup> or their collaborators like the bureaucrats, clergy etc. They have to be consumers who receive their means of purchase on the basis of commodity exchange outside capitalist commodity production. They must be producers whose means of production are not to be seen as capital, and who belong to neither of the two classes-capitalists or workers, but who have need for capitalist commodities<sup>15</sup>. This non-capitalist market may be inside the capitalist country itself, but it is clear that this market is increasingly to be found in the "agrarian" parts of the world outside Europe.

This Luxemburgist thesis as we shall see is at the back of today's "centre-periphery" ideology. Moreover it has significance for the topic under discussion. For Luxemburg, imperialism is no more than the struggle by the capitalist countries "for what remains of the non-capitalist world." We shall come to this question again in section VI. What is of interest here is to show the extent of Luxemburg's deviation from the Marxist thesis, which alone correctly explains to us the essence of modern imperialism.

There is no need to recapitulate Marx as to the use of his schema. What we need to show here is how Marx having analysed expanded reproduction under his two departments under those conditions, he relates the results to the real world. This as we indicated in passing he does in Volume III of Capital, which he entitles: "The Process of Capitalist Production as a whole".

#### V.

When we examined the production of an individual Capital we noticed a tendency towards increased organic composition of capital. This is the result of the change in the technical composition of capital created by the growth in the mass of the means of production, as compared with the mass of labour-power that vivifies it. The same movement is reflected in its value-composition by the increase in the constant capital (dead labour)



constituent. This movement of the individual capital is also reflected in the total social capital, and under conditions of increased technical change and skills the movement is exacerbated. Marx examines this tendency of the real world in Parts II and III of Capital, Volume III. He shows how the value of commodities based on the labour theory of value in volume I) are transformed into prices of production. In his view there would be a tendency whereby prices of production (which diverge from values) equalled their value, because of the need for an equal-rate of profit on capital, without which capital would tend to move from industries with a higher composition of capital to those with a lower composition, a process which would lead to an equalisation of the rate of profit.

There has been a heated debate on this so-called transformation problem initiated by Bohm-Bawerk who saw this divergence as an unbridgeable contradiction in Marx's analysis. Today's "centre-periphery ideology" too takes this issue as the point of departure in their economic approach<sup>16</sup>. There can be no doubt however that values and prices of production do not stand in contradiction, on the contrary the latter are derived from the former and the latter cannot be examined outside the theory of value. Prices of production are derived from the conditions of production itself including remuneration for labour-power, and there is an interdependence between them.

For Marx this interrelationship is important. He pointed out that Adam Smith and Ricardo avoided the determination of the value of commodities by labour-time, preferring instead to use prices of production (which they called "natural price" "price of production" or "cost of production") as centres around which market-prices fluctuated. They did this, according to Marx, because the price of production "is an utterly external and prima facie meaningless form of the value of commodities, a form as it appears in competition, therefore in the mind of the vulgar capitalist, and consequently in that of the vulgar economist"<sup>17</sup>.

This transformation of values into prices of production is taken into account in Marx's formulation of the Law of the Tendency of the Rate of Profit to fall, which relates technical change and skills to production. Here Marx shows that the increasing organic composition of the individual capital develops into a general capitalist tendency. This was because the material growth of the constant capital implied a growth in its value and consequently in that of the total capital. This gradual growth of constant capital in relation to the variable



capital (which declines) must necessarily lead to a gradual fall in the general rate of profit, so long as the rate of surplus-value or the intensity of exploitation of labour by capital, remained the same. Said Marx: "This is just another way of saying that owing to the distinctive methods of production developing in the capitalist system the same number of labourers....operate, work and productively consume in the same time span an ever-increasing quantity of means of labour, machinery, and fixed capital of all sorts, raw and auxiliary materials - and consequently to the total capital set in motion. This continual relative decrease of variable capital vis-a-vis the constant, and consequently the total capital, is identical with the progressively higher organic composition of the social capital in its average".<sup>18</sup>

\* Marx describes this law as "the most important law of modern political economy, and the most essential for understanding the most difficult relations."<sup>19</sup> He pointed out that in spite of this tendency, the productive forces had enormously developed, and this was because some counteracting influences were at work, which crossed and annulled this general law, and which gave it merely the characteristic of a tendency. Among these counteracting influences he mentioned the increasing intensity of exploitation of labour which is raised by lengthening the working day and intensifying labour; the depression of wages below the value of labour power; the cheapening of the elements of constant capital by the same process that increases the mass of constant capital in relation to variable, (which has the effect of reducing the value of constant capital), and finally but most importantly for our purposes foreign trade and consequently colonial production. Whereas for under-consumptionists the foreign market was important as a market, for Marx it was more so for purposes of production. We shall see that this distinction is important for the proper understanding of imperialism.

Whereas in his analysis of the reproduction schema, he excluded foreign trade as a factor, he now opens up the capitalist country to the world market where it belongs since the foreign market is its product. Luxemburg's charge that Marx ignored the world market was a non-starter since for Marx: "The industrialist always has a world market before him, he compares and must continually compare his cost price and those of the whole world, and not only with those of the home market"<sup>20</sup>. Thus foreign trade and colonial production were important to the capitalist because they partly "cheapened the elements of constant capital and partly the necessities



of life for which the variable capital is exchanged".<sup>21</sup> In this way such trade "tended to raise the rate of profit by increasing the rate of surplus-value and lowering the value of constant capital".<sup>21</sup> It generally did this by "permitting an expansion of the scale of production", and, thereby hastened the process of accumulation, and the shrinkage of the variable capital relative to the constant. While so doing it also opened up "an over expanding market" which the capitalist needed. The emphasis, which is added, is important.

In this way capitals invested in foreign trade yielded a higher rate of profit because of the competition with commodities produced in other countries with inferior production facilities, so that the advanced one sold its commodities above their value, thus securing a "surplus profit" which the capitalist class pocketed. Equally capitals invested in a colonial country also yielded a higher rate of profit for the same reason of backward development, and likewise the exploitation of labour, because of the use of slaves, coolies, etc.

✓ But this trade and production had its opposite effect since it expanded production at home and consequently tended to increase constant capital relative to variable, thus leading to over-production of capital in relation to foreign markets and hence tended to lower the rate of profit. This expressed itself in crises.

So long as capitalism operated at this competitive level free trade imperialism ensured its development and expansion. Historically England, the then only "workshop of the world", and free trade imperialist country, maintained its production on the basis of capitalist production at home with the foreign and colonial trade playing its role. Thus British trade expanded quickest with those countries that produced the raw materials and other primary products that assisted her profitable production. A market was established as a result and not before. The production that arose in these areas - in colonial countries particularly, arose as capitalist production taking advantage of the backward conditions in these countries, to reap a higher return - utilizing slave labour or coolie labour. The consumers who arose as a result also provided a market using these capitalist incomes. Here capitalist production was providing a market for itself.

Thus in India according to Marx whereas the moneyocracy had converted India into landed estates, the oligarchy had conquered it with its armies, and the millocracy had inundated it with their



fabrics, with the industrial bourgeoisie the question was different. It was in the interest of the latter to create "fresh productive powers" with capital, after India's textile industry had been ruined. He stated: "You cannot continue to inundate a country with your manufactures, unless you enable it to give you some produce in return".<sup>22</sup> Very soon after the 1830s India was turned into a producer of raw materials and primary products and into a new market. With the monopoly of the British India Company removed by 1833, Englishmen were encouraged to acquire land and enter into raw material and agricultural production. Exports of raw materials leapt up very rapidly. From 9 million pounds weight in 1813, cotton exports went up to 32 million in 1833, and 88 million in 1844; sheeps' wool from 3.7 thousand pounds weight in 1833 to 2.7 million in 1844; linseed from 2,100 bushels in 1833 to 237,000 in 1844.<sup>23</sup> Exports of food grains too went up, principally wheat and rice, from £858,000 in 1849 to £3.8 million in 1858, £7.9 million in 1877 and £19.3 million in 1914.<sup>24</sup> In Latin America too exports there were accompanied with the production of sugar, cotton, coffee, tobacco, grains, beef, mutton, and minerals. The trade with U.S.A. increased even after its declaration of independence and mainly in manufactured products from England and primary commodities from the U.S.A. Profitable production was being maintained on this basis.

British trade with the other European states was on the same basis. Most of Europe was relatively underdeveloped. The ideology of the British industrial bourgeoisie at this stage was "free trade". With this face, they confronted the landed interests in England who were being protected under the Corn Laws. The bourgeoisie set-up an Anti-Corn Law League in 1835 led by John Bright and David Cobden, to agitate for the abolition of these laws. Why? Because the protection extended to the landed interests tended to raise the price of food and hence hastened the fall in profitability.<sup>25</sup> David Ricardo, the economic ideologist of the bourgeoisie had stated: "If, therefore, by extension of free trade, or by improvements in machinery, the food and necessaries can be brought to market at a reduced price, profits will rise. If instead of growing our own corn, or manufacturing the clothing and other necessities of the labourer, we can supply ourselves with these commodities at cheaper prices wages will fall and profits will rise."<sup>26</sup>

With this clear position that proved Marx's analysis, the bourgeoisie finally obtained the abolition of Corn Laws in 1846.



Cobden went on to Parliament and there negotiated a free-trade Treaty with France. Under this, Cobden-Chevalier Treaty of 1860, duties on French wheat, brandy etc. were reduced. In return British manufactures were admitted in France with reduced duty. The most-favoured-nation treatment which was inaugurated in this Treaty, was later generalised by France and Britain, by similar provisions in commercial treaties with the other European states, signalling what came to be known as the "Golden Age of Free Trade". This "Golden Age" of British "free trade imperialism" however never went beyond 1871, being interrupted by the Franco-German War and ultimately being ruled out by the rise of monopoly capital and a new imperialism.

British relationships with Portugal which, beginning with Treaties of Amity in the 16th Century, had exposed Portugal to the exploitation of English merchants, was under the new era of industrial capitalism, subjected to the needs of industrial capital. British imports of Portuguese wine became the means by which British textile production was extended. Taking advantage of French invasion of Portugal during the Napoleonic Wars, Britain squeezed out of Portugal increasing concessions, leading ultimately to her taking greater benefits from Brazil and Portugal.<sup>27</sup> A contemporary Portuguese economist Das Deves commented: "The magical power of the steam engine, which has revolutionised mechanical arts within the last few years, has provided England with the means to produce manufactured goods so cheaply that nobody else can compete with them".<sup>28</sup>

British foreign trade was clearly the method by which her production at home expanded, while production overseas in the products she needed, provided the means for creating a market for her products. It was not for nothing that the "national economists" like List and Hamilton called for protection. The Table below shows that Britain's import trade at this juncture comprised over 90% imports of food and other primary products and less than 8% of manufactured goods. Her exports on the other hand which are not shown were almost wholly manufactured goods. Here foreign trade was playing the exact role for Britain that Marx attributed to it.

	<u>U.K. Import Structure (%)</u>	
	<u>1814-45</u>	<u>1854-60</u>
Food and live animals	27.9	31.5
Primary Products	64.4	61.2
Manufactures	<u>7.7</u>	<u>7.3</u>
	<u>100.0</u>	<u>100.0</u>



Her exports of capital also helped her to expand her market and production particularly in her producer goods industries like rails to Europe, Latin America, and India. These rail facilities also helped in turn to enlarge foreign trade. Her capital exports at this stage must however be distinguished from those under monopoly. The capital here was raised through the issue of stock and the industrial bourgeoisie did not have direct control of it. We shall see that under monopoly such control becomes a reality. As Jenks has correctly stated of this period: "during 1851-1875 'Imperialism' was not a prominent factor in the movement of British capital".<sup>29</sup> Other distinguishing characteristics of free trade imperialism are, (i) the role of the state in the economy was minimal; (ii) industrial enterprises were still small and hence competitive. The movement from this type of enterprise to the next was witnessed with crisis; (iii) the tariff policy was still utilised as a defensive weapon, in the next period this changed radically; and (iv) competitive capitalism was unable to control production directly in the colonial and informally colonial territories, hence the terms of trade were at this time still generally in favour of the primary producers.

The movement that negated the above characteristics of capitalism were not accidental. On the contrary it arose from capitalist development itself. As we have seen Marx scientifically noted that foreign trade, although it assisted in capitalist production, had its contradictory effect. By maintaining the rate of profit high, it tended to develop capitalism at home very rapidly and hence intensified the very tendency it tried to counteract.

The organic composition of capital which increasingly rose with foreign trade and colonial production had the tendency of lowering the rate of profit again. Modern Luxemburgists, like Paul Sweezy, Samir Amin etc. express "surprise", that imperialism should rely on the export of capital to other countries if the result is to create "export of capital" in the opposite direction.<sup>30</sup> As we shall see, these gentlemen want to see imperialism without contradiction. As Bukharin correctly snubbed Luxemburg before he himself became a right wing opportunist: "Capitalist development is a process of the expanded reproduction of all the basic contradictions of capitalism".<sup>31</sup> At this period it was developing in this contradictory way as it does today.

Capitalist development on this basis however soon geared into a crisis in view of its contradictory development. Expansion of



production based on exploitation of labour at home and overseas through foreign and colonial trade gave impetus to new innovations and techniques. Soon by the 1860s a spate of new discoveries and innovations took place in what came to be known as the "second industrial revolution". Steel production through new processes was cheapened, leading to cheapening in the production of iron and coal. The discovery of electricity and chemicals added to the revolution in the technical composition of capital. All these led to a fall in prices of these products and other innumerable ones based on them. These developments increasingly led to higher and higher organic composition of capital arising from this changed technical composition, and implied a decline in the rate of profit and crisis. As Marx remarked generally: a decline in the rate of profit was identical with the fact that the already existing productive power is witnessed with a decline of that part of capital already produced which must be exchanged for immediate labour. This expressed itself in a great mass of products at low prices. These developments together at certain stage "suspend the self realisation of capital instead of positing it."<sup>32</sup>

Thus the expansion of production reaches a point where it outruns its profitability, when labour cannot be put to production without "loss" to the capitalist, or what is but the same thing, when an increase in accumulation fails to lead to an increase in surplus-value or profits. At that point an absolute over-accumulation <sup>has occurred and the accumulation</sup> process comes to a halt since no further production can take place. This interruption of accumulation is what constitutes the capitalist crisis. It represents an over production of capital with respect to the degree of exploitation.<sup>33</sup> Marx added: "The growing incompatibility between the productive development of society and its hitherto existing relations of production expresses itself in bitter contradictions, crises, spasms"<sup>34</sup>.

What does this crisis imply for the capitalist class? For Marx crisis is a "danger signal" to the capitalists to adjust. The capitalist will do this by the "suspension of labour and the annihilation of a great portion of capital". He stated: "Since this decline of profit signifies the same as the decrease of immediate labour relative to the size of the objectified labour which it reproduces and newly posits, capital will attempt every means of checking the smallness of the relation of living labour to the size of the capital generally, hence also of the surplus values, if expressed as profit, relative to the presupposed capital,



by reducing the allotment made to necessary labour and by still more expanding the quantity of surplus labour with regard to the whole labour employed. Hence the highest development of productive power together with the greatest expansion of existing wealth will coincide with the depreciation of capital, degradation of the labourer, and the most straitened, exhaustion of his vital powers. These contradictions lead to explosions, cataclysms, crises, in which by momentaneous suspension of labour and annihilation of a great portion of capital, the latter is violently reduced to the point where it can go on...fully employing its productive powers without committing suicide".<sup>35</sup>

A clear understanding of how this crisis originates, how it propels on production, and how it veers into an irreversible contradictory movement as analysed above, is vitally important, for correctly comprehending the historical rise of monopoly capitalism and hence the new imperialism that characterise the next stage. Marx had gone on to say that this crisis will be delayed where possible by the creation of new branches of production in which more direct labour in relation to capital is needed, or where the productive power of labour (i.e. of capital) is not yet developed. It will "likewise" do so by "monopolies."<sup>35</sup> This latter point of Marx requires elaboration for it is this point that is vital for the understanding of the rise of modern imperialism, and clearly fixes Lenin's analysis into Marx's Capital, from where it is creatively developed by him. This elaboration will be handled in analysing the capitalists' actions in re-adjusting capital and labour to enable it to "go on" with production after the crisis.

Since this crisis arises historically out of the conditions of competition of small enterprises the solution to the crisis lies in creating limits to free competition of enterprises and hence giving further impetus to concentration which manifested itself in the higher organic composition of capital. Firstly the capitalist will begin by destroying, either through non-use or abandonment, part of the constant capital which is least profitable. This will help him to reduce the relation between this capital and labour, helping to increase the latter, and at the same time helping to increase the surplus labour force, which will further help in depressing the wages and hence help to increase surplus-value. This step will have to be taken with supporting measures and for this reason the capitalist will endeavour to restructure production towards greater concentration of production. Here the crisis would



would have sorted out the weaker competitive capitals, which would have been thrown out of the competitive game. Their place will be taken over by those that survive and hence help the restructuring towards greater concentration, which when combined with the destruction of the least profitable plant puts capital increasingly on its feet. These steps reflect the intensified struggle between the two classes at this stage of development. The shifting of labour in this process of restructuring is only possible because the capitalists, through their control of objectified labour (means of production) and the state machine are in a position to force labour to accept a re-arrangement of the two capitals - variable and constant, in such manner described that will enable production to continue at new profitable levels, making it possible for expansion of production to take place.

Against this analysis of the causes of crisis and their dissolution are counterposed two other "theories" of capitalist crisis. One such theory - the disproportionality theory, holds that capitalist crisis arises because of the lack of control and management of the "correct" proportions in the exchange between the two departments of reproduction. The theory springs from a vulgarisation of Marx's reproduction schema in Volume II of Capital. This theory was mainly propounded by the "Left Marxists" in Russia led by Tugan Baranowski. The other theory - the under-consumptionist theory - holds that capitalist crisis occurs because of the lack of market that arises from the inherent tendency towards increased accumulation and lower wages. This thesis has its support from the views of Rosa Luxemburg as we have seen, and have their roots in bourgeois classical political economy (particularly in Malthus).<sup>36</sup> Its current proponents include all the "neo-Marxists" like Sweezy, Amin, etc.

These theories have their weakness in abstracting one element out of Marx's analysis and turning it into a "theory". The approach of the two groups is one-sided, ahistorical, and hence eclectic, and has nothing in common with Marx's method. Marx saw the principal contradiction in capitalist production as being the contradiction between increasing socialization of production and the increasing private appropriation of the product. This was reflected in the struggle between the two classes at the factory level and not in the market place. If capitalism could successfully control the proportions of exchange between the two departments, it would no longer be capitalism. It would be a



planned economy which is only possible under socialism. Moreover the proportionality thesis recognised the problem at a very formal level ignoring the essence of capitalist production.

The under-consumptionists also overlooked the fact that capitalist production created its own market, and the fact that it was not the overproduction of commodities that created a crisis but the overproduction of capital itself, where capital became its own limit. Moreover the under consumptionists' error lay in their identifying realisation, with personal consumption, a mistake which Sismondi committed. As Lenin observed: "The identification of realisation with personal consumption naturally leads to the doctrine that it is surplus-value that the capitalists cannot realise, because of the two parts of the social product, wages are realised through workers consumption... Lastly, this same doctrine that national revenue and national production are identical led to Sismondi's theory of crises. His theory that production must conform to consumption naturally led to the view that crises are the result of an excess of production over consumption."<sup>37</sup>

Contrary to what the under consumptionists imagined capitalist crisis occurred at that very moment when workers wages were higher than before the crisis. Marx was clear on this when he said: "But if we were to attempt to give this tautology the semblance of a profounder justification by saying that the working class receives too small a portion of its own product and that the evil would be remedied as soon as it receives a larger share of it and its wages in consequence, one could only remark that crises are always prepared by pricesely a period in which wages rise generally and the working class gets a larger share of that part of the annual product which is intended for consumption."<sup>38</sup>

But the restructuring by the capitalists to enable production to go on does not solve the contradiction in capitalist production once for all. For Marx these regularly recurring catastrophes lead to their repetition on a higher scale, and finally to capitalist overthrow.<sup>39</sup> But such overthrow would arise out of the acute struggle between the classes, whereby the working class overthrows the capitalists, and not through the collapse of capitalism as such.

## VI.

This restructuring and re-arrangement of capitalist production which historically takes place after the Great Depression of 1873 signalled the arrival of a new epoch of capitalist development.



This restructuring was characterised by the rise of monopolies - trusts, syndicates, and cartels first in Germany and the U.S.A., followed by "free trade" England, and other capitalist states. This is the stage where Lenin took over from Marx in analysing contemporary capitalism. His analysis of Imperialism, as the Highest Stage of Capitalism,<sup>40</sup> brought Marxist Leninist science and ideology to new heights. His point of departure was bourgeois reformist under consumptionism of John A. Hobson, who in his book Imperialism<sup>41</sup> correctly pointed out that imperialism manifested itself in the political struggle for and the absorption of territories occupied by the "lower races". Its "economic tap root" lay in the need of advanced capitalism to find markets for its capital which could not be used at home. He however believed naively that Britain could do without opening up "new" foreign markets. According to him the home market was capable of indefinite expansion. "Whatever is produced in England can be consumed in England, provided that the 'income', or power to demand commodities is properly distributed."<sup>42</sup> He attributed imperialism to the "unwholesome specialisation" which emphasized certain "manufacturing trades" for the purpose of effecting foreign sales. He believed that reforms could take Britain out of this drive for expansion outside its borders.

Lenin, although acknowledging Hobson's contribution, and placing him above the Kauskyite revisionists, at the same time called Hobson's solutions reformist. Further drawing on the analysis of the Marxist Hilferding who had published a book on Finance Capital. Lenin wrote out a popular synthesis, a truly Marxist analysis of imperialism. In his analysis Lenin argued that the bourgeoisie had tried to ignore and create silence over Marx's work: "Half a century ago", he wrote, "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 work 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 a chorus that Marx 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 of free trade, only give rise to insignificant variations in the form of monopoly or in the movement 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 the development of capitalism!'<sup>43</sup>

We have seen what form and content this concentration took. We observed that the tendency in capitalist production - through the accumulation process - leads to higher and higher organic composition of capital. This arises out of two similar tendencies. Firstly, the tendency for the constant capital to increase relative to the variable capital. Secondly the tendency for the fixed part of the constant capital (e.g. buildings, machinery, etc.) to increase relative to the raw, processed, and auxiliary materials. Both these movements lead to the rise in the average size of the production unit, first through evolution and finally through a leap created by the crisis of falling profitability. This is why the Law of the Tendency of the Rate of Profit to Fall is central to the Marxist-Leninist analysis of imperialism as a stage of the development of capitalism at its highest level, for monopoly, although it does not completely do away with competition, cannot be replaced by any other form of capitalism. The socialisation of production that monopoly capitalism brings about only signals the necessity for the socialisation of the means of production themselves and hence the appropriation, which is only possible on the basis of the monopoly bourgeoisie being overthrown and the working class establishing a socialist system.

Marx drew a distinction between two forms of monopoly, concentration and centralisation. The former occurred when individual capitalist accumulation successfully resulted in the quantity of capital under his control increasing and making it possible for him to expand production on larger scale, while at the same time eliminating the competitors. The latter occurred when capital already in existence combined, thus creating a change in the distribution of capital already "at hand and functioning". Its sphere was not therefore limited by the absolute growth of social wealth and accumulation. It is gained in one hand and lost in the other. The former consists in the concentration through production and the latter centralisation through the credit system, the banks, investment houses, security, and the stock markets etc. Marx observed that without the latter form of centralisation of capital, railway constructions would never have taken place.

As we have seen the historical origin of monopolies is around 1870s. Lenin bases his conclusions on this issue on Levy's work, and pointed to the following principal stages in the evaluation of



monopolies: (i) 1860-1870, the highest stage, the apex of the development of free competition, monopoly is still in embryonic stage; (ii) 1873-1890s, after the crisis, a lengthy period of development of cartels - monopoly still exceptional not durable; (iii) 1900-3, with the boom at the end of the century cartels become one of the foundations of the whole economic life. "Capitalism has been transformed into monopoly."<sup>44</sup>

It has been argued by academic "Marxists" that Lenin's periodisation for all the capitalist countries, "does not fit the facts", on the grounds that for Britain expansion of territory and capital occurred simultaneously in the 1880s and to France in the 1870-1890s, while Germany territorial expansion "preceded" her capital exports.<sup>45</sup> Whereas it is true that for Britain monopoly came later, a fact that Lenin acknowledge, at the same time it would be highly pedantic to read epochs for exact dates. When Lenin used the words "precisely that period" in relation to 1860-1870, he was doing so in relation to the boom in colonial expansion in a global sense, and in relation to this period as the "apex of the development of free competition". So no problem arises in Lenin's analysis on this issue. Indeed he himself remarked in the same study that: "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".<sup>45</sup> There is no doubt however that the crisis of 1870s signalled a turning point which by the 1880s was already noticeable: a new imperialism, based on finance capital.

What were the advantages of monopoly? Hilferding pointed out that - "combinations" firstly, levelled out the "fluctuations" of trade and assured the monopoly a stable rate of profit; secondly, and because of the above it had the effect of eliminating trade among the combined enterprises; thirdly, it enabled technical improvements and hence assured higher profit than that obtained by the smaller competitive firms; and finally it strengthened the position of the monopoly as opposed to the competitive ones in periods of depression when the fall in the prices of raw materials did not keep pace with those of manufactured goods. This competitive advantage of a monopoly arose because it had attained control of a sector of the industry, whereby it was enabled to restrict supply at will and in this way fix prices above costs of production which would have under competitive conditions normally included the average profit.

Monopoly in other words seeks to reap a maximum profit - over and above the actual costs of production, which under purely competitive conditions would be



conditions would be impossible. Thus whereas competitive capitalism historically comes into life with the dispossession of the producers turning them into workers, monopoly capitalism ushers itself in by dispossessing the small capitalists and turning them into a middle class -- a petty bourgeoisie and proletariat to service it.

The same movement that characterises concentration of production and capital resulting in industrial monopolies also characterises the centralisation of capital through the banks. We observed that in the period associated with free trade imperialism, the industrial bourgeoisie, as a group had no control over the banks and the process of the centralisation of capital itself. In the era of monopoly capitalism this changes and the creation of bank trusts goes hand in hand with monopolisation of industrial production. Thus the original function of banks as that of a middleman in the making of payments, of turning inactive money into active and making profit in the process, is turned into that of control of production. This took place very rapidly at the period of the crisis and after.

In this process the smaller banks were swallowed up by the bigger banks as small industrial enterprises were swallowed-up too. The two processes assisted one another. The banks through intimate knowledge of the financial position of the enterprises could extend credit on conditions. In this way the banks began to influence them by extending credit, or restricting it; and determining their income by depriving them of capital or extending it. They increasingly assumed the role of stock exchange. Moreover through these methods they established control by requiring a certain amount of representation in the enterprises they financed. This led to an interlocking directorship being established over the major part of industrial production. The banks began to take more than casual interest in the profitability of these enterprises in which they had an interest. Through its representation on the boards of directors it acquired a voice in production. Hence we notice the emergence of a new type of capital which Hilferding called finance capital a concept which Lenin developed further.

Whereas for Hilferding finance capital was capital controlled by the banks and utilised by the industrialists, for Lenin the concept of finance capital was more over-embracing. Criticising Hilferding's definition, Lenin stated: "This definition is incomplete in so far as it is silent on one extremely important fact -- on the increase of concentration of production and of capital to such extent that concentration is leading and has led to



monopoly.... The concentration of production, the monopoly....arising therefrom, the merging and coalescence of the banks with industry such is the history of the rise of finance capital and such is the content of the concept".<sup>46</sup> Thus for Lenin finance capital as a concept is the interrelated development of monopolies and the merger and coalescence between bank and industrial capital.

In this way, finance capital emerges with a new bourgeoisie which Lenin called the financial oligarchy. Through the mechanism of the "holding company" this financial oligarchy acquires the power of centralising capital and controlling production of other enterprises. Here the separation of ownership and application of capital to production reached 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".<sup>48</sup>

A further characteristic of imperialism, under monopoly capitalism, was the <sup>shift in</sup> emphasis from the export of goods to the export of capital. This inevitably arose out of the contradiction which led to capitalist crisis. Here export of "surplus" capital took place not because such capital could not be utilised at home as Lenin pointed out. It took place because of insatiable greed by the monopolists for maximum profits. Marx had also commented: "If capital is sent to foreign countries, it is done not because there is absolutely no employment to be had for it at home. It is done because of a higher rate of profit in a foreign country."<sup>49</sup> In the foreign country and in particular in the colonies, the capital was utilised in the production of raw materials and other primary and auxiliary materials on which a profit could be made on the operation. The more crucial point however was that these products were sent to the monopoly enterprises at home where they partly cheapened the components of the constant capital, and partly the necessities on which wages were spent, in order to maintain high profitability there. Hence the "Law of the Tendency of the Rate of Profit to Fall" also explained the export of finance capital in this way.

This point requires emphasis because, as we shall see later, it has come under attack in diverse ways by modern Luxemburgists-- the "neo-Marxist", "centre-periphery" ideologists. Professor Caincross in his book on British investments shows that in the period 1907-14, Britain provided £600 million for the construction of railways in countries supplying her with foodstuffs.



and raw materials: "At a time when the population was increasing rapidly it was vital that foodstuffs should be obtained as cheap as possible".<sup>50</sup> This was true of the other imperialist states. Other critics of Lenin have tried to argue that "in order to sustain the Marxist thesis, which relates colonial expansion to opening of surplus-capital, as well as surplus goods, it would be necessary to show that the direction of capital export was to the colonies."<sup>51</sup>

The above is not Lenin's point, but is attributed to him by his critics in order to argue against it. Lenin or for that matter, any Marxist worth that name, could not have put forward that rubbish attributed to "Marx". It is clear that when Lenin spoke of export of capital to "backward countries" and colonies had more countries in mind than the critics suppose. When he stated that the "principal sphere of British capital" was being colonies, he included here informal colonies as well as "dominions". He clearly showed that French investment was invested mainly in Europe, and Russia in particular, and hence its being called by him as "usury imperialism". He went further to show how "finance capital, literally...spread its net over all countries of the world".<sup>52</sup>

It was in this connection that Lenin put forward his final characteristics of modern imperialism, namely the actual division of the world among monopolistic capitalist associations; cartels, syndicates and trusts; and finally among the great powers. The monopolies first divided the home market among themselves and the foreign market which was bound up with it, which capitalism created. This division by monopolies was on the basis of international cartel agreements, which during the period 1900-1940, were numerous. According to Raymond Vernon, these were developed in "practically every important processed metal, in most most important chemical products, in key pharmaceuticals in a variety of miscellaneous manufactures running the alphabet from alkalis to zinc."<sup>53</sup> The object of these agreements "generally the same as that of similar agreements in raw materials industry; to take uncertainties out of the market".<sup>53</sup> They fixed prices above costs and prevented a competitor "stealing a technical match on the others"<sup>53</sup>. The penalties for not complying with agreements were serious and included heavy fines and possible boycotts.

For Lenin however, the main characteristic that distinguished modern imperialism from the old was that for the first time :



history the whole world was divided up among the financial oligarchy of the powerful states, so that in the future still a redistribution was possible. 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.<sup>54</sup> This development was important for it signalled an end to the possibilities of colonial and semi-colonial countries developing a fully fledged capitalist economy. It meant that all the colonised countries were henceforth either to be outright colonies, informal colonies, or neo-colonies.

For Lenin, modern imperialism was not to be associated with colonisation as such, although it was part of it. Imperialism was a world system. It is for this reason that he spoke of "a number of transitional forms of state dependence", and of countries which "politically, are formally independent but in fact, are enmeshed in the net of financial and diplomatic dependence".<sup>55</sup> Thus Portugal, and "especially Argentina" were such countries subjected to similar exploitation: "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."<sup>56</sup> Today as we know there are more Portugals under U.S. hegemony, in this "system of divide the world", than in Lenin's time and hence the "arguments" of our "neo-Marxist" gentlemen on this issue must fall to the ground.

One other characteristic which explains imperialist expansion which needs to be mentioned for completeness is the problem associated with the dual monopolisation of all land in the imperialist metropole by a landlord class. The natural monopoly by the landlord class enables the landlords to reap an absolute rent which will normally be a price above the price of production. Furthermore the landlords' property monopoly over these lands will ensure the landlords a differential rent. This latter rent will be collected from those capitalist farmers producing on the most fertile (or accessible) land, under conditions of an "empty market", since under these conditions the product on the least fertile (or accessible land) will determine the market price. This price will then greatly exceed the price of production on the more profitable land, enabling it to realise a super-profit. Thus the landlords would reap a rent from this super-profit which tends to increase industrial costs of production and hence give rise to a fall in the rate of profit. Moreover the differential rent which the landlords reap does not enter into the general equalisation of the average rate of profit, because of this monopoly which further complicates conditions for the industrial bourgeoisie. No wonder therefore that Ricardo speaking for the industrial bourgeoisie



insisted on the need to nationalise all land. Thus the financial oligarchy under conditions of monopoly will further find an additional reason to go to the colonies and other countries where they will directly control, through the power of finance capital, production of raw materials etc.

In this new imperialism, the tariff acquired a new significance. From a defensive weapon under free trade imperialism, it took on a new offensive function for penetrating other countries' markets apart from protecting one's own. By protecting one's own the monopolies charged prices above cost in the home market which in turn enabled them to export and sell overseas at "dumping prices" below costs. Moreover tariffs tended to assist a country's capital exports, by establishing protective barrier to <sup>assist</sup> the mother country's monopoly enterprises in the colonies and at home. Capital exports too tended to raise the rate of profit at home by reducing the available capital, and hence increasing the price for its demand. The tariff "mania" that arose in the interwar years was concerned essentially with this struggle for raw material sources and outlets for capital exports.

Lenin summarised modern imperialism in the following five stages:

"(1) 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 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 biggest capitalist powers is completed"<sup>57</sup>.

Many "neo-Marxists" have tried to add and others to subtract from these major stages of imperialism, which Lenin's scientific summary reveals to us. It contains the basic elements of today's contradiction reflecting the latest stage of the development of capitalism.

This scientific thesis of Lenin was far superior to those which were advanced by the bourgeoisie who sought to explain imperialism solely on political or psychological grounds. It was also superior to that advanced by those on the left like Luxemburg who sought to see imperialism as the struggle by the imperialist states "for what remains of non-capitalist markets", and of revisionists like Kautsky who saw imperialism as "the striving of every industrial capitalist nation to bring under its control or annex all large areas of agrarian territory, irrespective of what nations inhabit it"..



Moreover Lenin's thesis was confirmed by actual historical experience. The struggle for the redivision of the world led to the two imperialist wars. The first socialist state was born out of these struggles and the revolts of colonial peoples against imperialism for the first time hence became part of the proletarian struggle. The victories of colonial and semi-colonial struggles since then have confirmed this thesis. The struggle of the proletariat in the imperialist countries went forward but was increasingly betrayed by petty-bourgeois elements and a small upper crust of labour of aristocrats.

In spite of accusations that Lenin's analysis of imperialism was "economistic", a careful reading of his thesis reveals that Lenin was conscious of the influence of other factors which contributed to an imperialist policy. In a passage that is usually ignored by his critics he pointed out that the "non-economic superstructure which grows upon the basis of finance capital, its politics, and its ideology, stimulates the striving for colonial conquest"<sup>58</sup>. He then quoted a certain "French bourgeois writer", who wrote that social causes should be added to the economic causes of modern colonial policy. Moreover after summarising the five basic features, Lenin observed: "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."<sup>51</sup> [Emphasis added]. Thus Lenin's analysis, as the sub-title to his booklet indicated, was intended to prove, in refutation of "vapid banalities" of comparisons like "Greater Rome - Great Britain", that modern imperialism was the highest stage of capitalism and that it was not just imperialism "in general." This had first to be done by seeking the explanation, in accord with the Marxist science, in the economic base itself. While he admitted the five characteristics as being economic, his analysis cannot by any stretch of imagination be referred to as "economistic".

#### VII.

Imperialism emerged from the second imperialist war badly bruised. Its sphere of exploitation had shrunk by another one-sixth. The socialist camp was expanding at the expense of imperialism. Europe in particular was in bad shape. It needed bandaging. The U.S. in the meantime which had taken advantage of



the war to consolidate itself against its "allies" came out of the war in better shape. Its production had risen by 100 per cent in only five years between 1939 and 1944. Her gold reserves rose from 1.4 billion dollars in 1936 to around 4.7 billion in the 1940. Profitability of the monopolies had jumped from \$3,300 million in 1938 (10.3 per cent of the G.N.P.) to \$107 million in 1945 (23.8 per cent of the G.N.P.). Poised in this show was in a position to impose conditions for any aid it was obliged to extend to its imperialist partners. Thus the Marshall Plan became the instrument by which the U.S. imposed its redivision of what remained of the world on the basis of the door policy. Working right throughout the war it drummed up a series of plans to re-activate monopoly capitalism on the basis of multilateral imperialism. A number of institutions called Bretton-Woods System were organised for this purpose.

The first of these institutions was the International Trade Organisation (ITO) which was to be based on a Charter of World Trade. Writing of the work on this Charter - which came to be known as the Havana Charter - Clayton, a U.S. official recalled that the European recovery programme and the trade Charter went together. Both were parts of a common policy: "If we were not to ease the burdens of Europe...our chances of reducing barriers to trade would not be good....If we do not reduce barriers to world trade and thus make possible a great expansion in the production, distribution, and consumption of goods throughout the world, there is little hope that the aid we are extending...will accomplish its purpose....The trade programme must take over where the recovery program leaves off".<sup>60</sup> In the Charter the U.S. called for removal of preferential (colonial) markets held by Europe. This was because, as Gardner pointed out: "closed trade areas controlled by imperial powers were held to deny other countries their natural rights [sic!] to the vital raw materials, markets and investment outlets"<sup>61</sup> As it came to be the ITO never took off and another organisation - the General Agreement on Trade and Tariffs [GATT] incorporating similar basic aims and objectives took its place. Under it multilateral trade based on the non-conditional Most-Favoured-Nation principle was inaugurated.

The second institution, the International Monetary Fund, was to take care of the monetary and currency policy intended to establish a multilateral system of payments and capital transfers and to ensure free convertibility thereof. This was to assist the multilateral trade system under the GATT. The third, the Bank for the International Reconstruction, was to ensure the multilateral



free flow of private investible capital under U.S. hegemony. As it has turned out the Bank has been the agent in internationalising the centralisation of capital for the global aims of the financial oligarchy in the U.S.

Thus under this multilateral imperialism dictated by the U.S. monopoly groups, Europe and Japan became the junior partners, in their struggle against the socialist camp, "to contain communism", and to suppress any liberation movements in the neo-colonial world that would interfere with the new imperialist system. A warfare machine was built up to bolster multilateral imperialism, both in the imperialist centre and in the neo-colonial periphery. A programme of "aid" and military assistance was built up to reinforce puppet regimes throughout the world.

But this change in the balance of forces in the world necessarily implied a change in the strategy of monopolies for production and distribution on world scale. The progressive dismantling of colonial markets on the insistence of U.S. monopolies implied the struggle by the monopolies on a changed basis. Moreover the international cartel agreements that the earlier form of monopoly production implied had proved inadequate by the forties. These collapsed one after the other. A multilateral market implied movement away from this, and from production based on separate units to production based on a global strategy of "complex units of production with closely articulated and integrated labour processes (integrated production) with its various establishments spread over several countries"<sup>61</sup>. The rise of the transnational corporation was therefore no more than monopoly organised in different form. Monopolies under this arrangement went in for direct investments, setting up units of production all over the imperialist globe all directed from the centre in the imperialist country.

This re-arrangement of imperialism, in the post-war period has received a re-interpretation by those who claim to be "Marxists". This re-interpretation has resulted in more confusion than clarity. We refer here to the recent literature by "neo-Marxist" elements in the U.S. and Europe as well as in the "periphery", which we earlier referred to as the "centre-periphery ideology". The first group of these ideologists is the Monthly Review group, which has tended to put forward a "centrist" position. In their book, Monopoly Capital, which came out in 1966 already referred to, Baran and Sweezy, sought to show that monopoly capitalism no longer operates



under the basic laws of capitalist production. According to these monopoly capitalism has negated the competitive model on which Marx's Capital was based. We refer to their analysis because it has a fundamental bearing on our understanding of modern imperialism. Baran and Sweezy point out that since price competition is no longer operative, and since monopolies fix their prices above cost, and with the ever increasing efforts to cut costs of production, it is "inescapable that surplus must have a strong and persistent tendency to rise".

From this they draw a conclusion which leads them to revise what Marx, as we have seen, had called "the most important law of political economy from a historical point of view", namely the Law of the Tendency of the Rate of Profit to Fall, which, as we have shown, is fundamental to the whole understanding of imperialism. Baran and Sweezy substitute this Law with their own which they call the law of rising surplus. "By substituting the law of rising surplus for the law of falling profit, we are therefore not rejecting or revising a time-honoured theorem of political economy (sic!)," we are simply taking account of the undoubted fact that the structure of the capitalist economy has undergone a fundamental change since that theorem (sic!) was formulated".<sup>63</sup> In actual fact Baran and Sweezy "simply" revise the law for they go further to show how the monopolists confronted with this "increasing surplus" are forced to "absorb" it into "wasteful" expenditure like the Military, the Bureaucracy, and the so-called sales effort.

This "confusion" of Baran and Sweezy is bound to arise, since their concept of "surplus" has nothing in common with Marx's surplus-value. For the "economic surplus" is defined as "the difference between what society produces and the costs of producing it."<sup>64</sup> The size of the surplus is an index of productivity and wealth, of how much freedom a society has to accomplish whatever goals it may set for itself. The composition of the surplus shows how it uses that freedom: how much it consumes how much it wastes and in what ways.<sup>64</sup> Thus for them "surplus" includes surplus-value plus government and other "wasteful" expenditure,<sup>64</sup> when in fact these so-called expenditures are themselves part of the surplus-value. Barrat-Brown, although his "economics" does not take us very far from electionism, has nevertheless correctly pointed out the mistake of Baran and Sweezy. He has shown that what had in fact steadily increased was not surplus-value but government expenditure: "The surplus not taken by the government remained remarkably stable as a proportion of the GNP"<sup>65</sup>.



If Baran and Sweezy's analysis looks too contrived for us to believe, it is because it does not explain to us why the monopolists should bother to wage interventionist wars throughout the world if the "surplus" increases so amazingly. Here Baran and Sweezy take the problem to be the solution and invert the reality up-side down as in the camera obscura. It is quite clear that imperialism cannot reap any "surplus" without a bureaucracy at its disposal, without war and without the "sales effort". For them these are the solutions to the "increasing surplus", when in fact they are the prerequisite. Moreover Baran and Sweezy go as far as to suggest that exports of capital are in the reverse. Taking New Jersey which in 1962 paid approximately 40 per cent of dividends mainly from profits from foreign operations, they conclude: "In other words, Standard Oil of New Jersey is a very large and consistent importer of capital"<sup>66</sup>. Here clearly they confuse earnings on capital as capital. They themselves have shown that 40 per cent of this "capital" imported went to shareholders, which cannot be regarded as capital. The Marxist concept of capital as that part which is ploughed for productive application is apparently abandoned. To compound the confusion Samir Amin comes to the aid of Baran and Sweezy to defend their thesis, while at the same time maintaining that Marx's Law of falling rate of profit is still operative under monopoly capitalism.

This confusion is soon cleared when it turns out that Baran and Sweezy as well as Amin, are underconsumptionists, for throughout their analyses, they maintain variously, the primacy of the market over production. Amin for instance states: "It is the contradiction between the capacity to produce and the capacity to consume, constantly arising and constantly being overcome - the essential law of capitalist accumulation - which accounts for the inherent tendency for the extension of markets and for the international movement of capital"<sup>67</sup>.

Baran and Sweezy too see in the wasteful expenditure under monopoly capitalism as intended to stimulate "demand" as such: "The stimulation of demand - the creation and extension of markets - thus becomes the leitmotifs of business and government policies".



under monopoly capitalism."<sup>68</sup> And again: "The question of monopoly is not whether to stimulate demand. It must, on pain of death. Thus for Baran and Sweezy as well as Amin, the market is the thing the "leitmotifs" of production under monopoly capitalism, and not vice-versa.

Whilst it is true that under monopoly the law of value and hence of the law of the falling profit is increasingly challenged, it would be wrong to conclude therefrom that under monopoly capitalism these laws are no longer operative. To do so is to try to remove the very essence of Marxist political economy. The monopoly capitalist does not do away with the two classes in capitalist production. The two classes remain, and the laws of motion of production based on property relations of these two classes remain as well. The monopolist will fix his prices above costs of production which are determined under the law of value. In other words the law of value remains the guideline to the monopolists in fixing prices above the average based on value. This is because the laws of motion of production based on the two classes still operate, but are increasingly challenged by monopoly. This is the same as saying, as Lenin did, that monopoly capitalism and hence imperialism is "the eve of the socialist revolution." This increasing challenge by monopoly of the basic laws of motion of capitalism is the historic call for their abolition through the socialist revolution.

Another "neo-Marxist" who has tried to show fundamental changes in monopoly capitalism is Pierre Jalee, who in his recent book Imperialism in the Seventies<sup>69</sup>, has asserted that since the Second World War, the relationship between "finance capital" and "industrial capital" has "undergone radical change": The result of this according to him is that "industrial capital is now self-starting enterprise, the hegemony of finance capital is no longer as absolute as it once was. Finance capital is defending its position. Industrial capital meanwhile is breaking through old barriers pushing its way into the investment business and engaging in banking and financial activities. Ultimately, the two are merging and becoming largely interdependent. The financial oligarchy remains, and, through this pincer movement grows stronger as it unifies its functions. It begins to be a financial and industrial oligarchy"<sup>70</sup> The only evidence which Jalee puts forward for this profound discovery are three pieces of statistics covering single years and at most three years. He does not tell us when and why the "pincer" battles emerged between the two capitals, apart from



the bare assertion that this is the case "since the Second World War". No historical movement in capital itself is established for this rupture in the two capitals. Jalee's statement, for it does not amount to anything more than that, also demonstrates a certain amount of confusion. He appears to assert that "finance capital" is the same thing as "bank capital". Jalee is not alone in this misconception and it can be said with certainty that a great majority of "neo-Marxist" hold this position. Sweezy for instance in his 1942 book<sup>71</sup> holds to this "self-financing" ideology. The bourgeois academics also do the same.

As we have shown above, Lenin's concept of finance capital was one in which the concentration of production and capital led to monopoly; in which bank capital and industrial capital merged and coalesced. This concept of Lenin brings forward the development under monopoly in which the objectified power of finance capital expresses itself through a financial oligarchy and the state <sup>in which the oligarchy</sup> acquires a power to centralise all other capitals and savings of the working class, and put them to production on its terms. It is the same objectified power of finance capital that divides the world, the same power which we call imperialism. Menshikov has shown, in his study of U.S. finance capital and the financial oligarchy,<sup>72</sup> the "self-financing" ideology to be false. He produces more scientific data ranging over thirty five years, including those from the U.S. department of commerce to show that in fact, except for the years 1930-9 and to a lesser extent in 1946-50, external sources on long-term operations were on the average 22 per cent. Using statistics by S. Kuznets which gives the share of external sources in the financing of large corporations in the manufacturing industry, he shows that this was 33 per cent in 1946-53, 40 per cent in 1915-19, and 30 per cent in 1900-10. Compared to this, the internal shares in the total expenditure of all corporations was 56 per cent in 1900-9, 60 per cent in 1910-19, 55 per cent in 1920-29, and 61 per cent in 1946-56. In subsequent years it never exceeded 70 per cent, and "most often was about 60 per cent". He concludes: "Thus <sup>the</sup> thesis about the wane of 'external financing' does not correspond to the facts"<sup>73</sup>

Jalee further attempts to show that today's mergers are of the "conglomerate type". etc. He shows that 43 per cents of the groups assets in a Germany monopoly are industrial and invested in banks, while in Italy 21 per cent are invested in banks and financing. He then concludes that a number of these holding companies "are taking a path diametrically opposed to the one Lenin described" for



according to him "instead of being taken over by banks, they are becoming like banks, themselves!"<sup>74</sup> Jalee then produces evidence from U.S. House of Representatives Committee in 1968, which proves Lenin's thesis instead! He quotes the committee as stating that because of the widespread distribution of capital, 5 per cent interest by a bank in enterprises is enough to control many boards of directors. He goes on: "The report adds that 49 banks control 5 per cent or more of capital of the 147 largest industrial companies as well as 5 per cent or more of the capital of the 17 important merchandising companies and the 17 biggest transport companies".<sup>75</sup> Lenin had argued that through the "holding company" technique a handful of monopolists were able to acquire controlling interests in subsidiaries ("daughter companies") which in turn controlled other subsidiaries ("grand daughter companies"). He had given 40 per cent as enough to obtain such control. Jalee brings evidence to show that today, in the U.S. at least, 5 per cent is enough to effect control. This, contrary to what Jalee is trying to hold out, is the objectified power of finance capital exercised by the financial oligarchy, which shows that in conditions of increasing socialization of production on world scale, an increasingly smaller financial oligarchy is exercising greater and greater control over capital and production throughout the imperialist world.

Capital exports have offered a fertile ground for "neo-Marxist" critics of the thesis by Lenin. According to this view capital exports were more pronounced in the period before monopoly. This argument is put up by Barrat Brown in relation to England. We do not wish to go into this argument here because we have already shown that it is associated with the periodization question which merely looks at quantities and not the quality of the capitals and their historical conditions. But the more recent argument is the one that tries to show that capital export of the "old imperialism" of Lenin, are quite different from those of the "new-imperialism", in which capital exports are replaced by exports of technology, skills etc. This position put forward by Hamza Alavi,<sup>76</sup> maintains that monopolies are increasingly interested in extending their markets for the manufacture of from the metropole and <sup>are</sup> setting in motion a stream of payments by way of royalties and fees for technical services, use of patents and brand names.<sup>76</sup> The weakness with Alavi's argument is that it regards export of technology and know-how as opposed to capital exports. In fact such technologies



exports are part and parcel of the package in the export of capital. A. U.N. Report of the Group of Eminent Persons on Multinationals has referred to technology as "an essential input for production" which is bought and sold in the following forms: "(a) embodied in physical assets as, for example, plant, machinery, equipment and sometimes intermediate products; (b) as services of skilled and often highly specialised manpower; (c) as information, whether of a technical or commercial nature"<sup>77</sup>. Thus technology, skills, etc. are part of the package of capital exports, all intended to be put to production and maintenance of markets.

The second group of the "centre-periphery" ideologists is the peripherist one, represented by the so-called Third World Ideologists. The central figure of this group is Samir Amin. He is buttressed by a number of others, and the real central thesis of their ideology is "unequal exchange". For this reason Arghiri Emmanuel's thesis is crucial. The Latin American group led by Gundar Frank falls on the other side of the same ideology namely in their ahistorical treatment of imperialism. The danger of this ideology is that it leads to wrong prescriptions for the struggle against imperialism. This is where the two currents converge. One of the central points of unity for all "neo-Marxists" is that they start from a petty-bourgeois dogmatic standpoint against Marx. Thus it is a characteristic necessity for them in order to show that they are making a contribution to start off by showing "flaws" either in the "Marxist Model" or the "Leninist Model".

To be sure Emmanuel's analysis begins with a refutation of Lenin's thesis on imperialism. Here Emmanuel charges that the thesis on "financial" imperialism, which is "supposed to be different from mercantilist imperialism of the 17th and 18th centuries" was "put to severe trial" with the "break-up" of the huge colonial Empires "without proportionate violence and without any marked impoverishment of the great imperial parent states".<sup>78</sup> Hence according to Emmanuel, neo-colonialism is an unsatisfactory concept which, was "devised for arguments sake, in the face of an unexpected situation"<sup>78</sup>. Lenin's work is described by him as "a marginal work which never had any scientific pretensions, and which was written rapidly in difficult conditions of exile with no other documentary to hand but the Bern library".<sup>79</sup> Any body who has looked at Lenin's notebooks on this work, now published as volume 39 of his collected works, will see that Emmanuel's criticism



of Lenin's thesis have no foundation. The notebooks show that he consulted a wide range of literature and authorities ranging over 146 volumes and a mass of statistical data.

But for us this is an important background to the proper understanding of Emmanuel's thesis on Unequal Exchange.<sup>80</sup> It is clear for him as it is for the others who saw in decolonisation as an "end to empire" - that this also spelled an "end to imperialism". This wrong conception of history is at the back of his unscientific thesis that trade and exchange as such are the basis of the relationship between the "centre" and the "periphery".

In this way Emmanuel embarks on his task of proving unequal exchange as the basis of exploitation of the periphery by electing using Marx's formula for calculating "prices of production" into their values. As we know this formula is based on the organic composition of capital in different industries within a country. Emmanuel utilises this formula and applies it to countries, where the organic composition differences would not be the same as that between industries within a capitalist country. Using this formula he arrives at an unequal exchange "in the general sense". His second analysis of unequal exchange, which he calls unequal exchange "in the strict sense", is the one based on wage differences instead of differences in organic composition of capital. He concentrates his analysis on the second sense and comes to the conclusion that this unequal exchange takes place through differences in prices which arise out wage differences. According to him these different levels of wages do not "vary in dependence upon prices but prices vary in dependence on wages." wages being an "independent variable."<sup>81</sup> He states: "By transferring, through non-equivalent exports a large part of its surplus to the rich countries, it (the periphery) deprives itself of the means of accumulation and growth. The narrowness and stagnancy of the market discourage capital, which flees from it, so that, despite the low organic composition and the low wages a substantial proportion of labour force is unable to find employment".<sup>81</sup> As a result of these "unequal" relationships "wealth begets wealth" and "poverty begets poverty".<sup>82</sup>

These revolutionary sounding formulations of Emmanuel are however of no scientific content. First they do away with history as we have seen. They see the relationships between the centre and the periphery in the void as emerging from nowhere, although they pretend to give their analysis a "historic" content which unfortunately is one of ideas. Emmanuel's analysis also does away



with scientific concepts like "finance capital", and "financial oligarchy" which represent reality. Today's neo-colonialism and multilateral imperialism cannot be comprehended outside these concepts. In our view the neo-colonial world is not exploited because they exchange "their" products below value (although that is formally true); but because the objectified power of finance capital dictates that type of relationship whereby labour in the periphery is exploited taking advantage of relative backwardness which in turn dictate low wages. Hence a true understanding of these "unequal relationships" lies in a clear historical conception of how finance capital operates in different countries and the forces which are behind this objectified power. There is no doubt whatsoever that any scientific analysis of these forces will reveal that the Third World does not produce the commodities sold on the world market with their own capital. It is clear that all production of any significance in these countries is activated and dominated by finance capital as defined by Lenin. The power of the financial oligarchy to centralise all capitals and savings in the metropole also operates in the neo-colony, so that all "national capital" comes under its domination, in the sense that such capital can only be used for the production of raw materials and other resources the financial oligarchy requires in its global strategy of production and accumulation. To the extent that the "national capital" goes to no other production than raw materials (as well as to distasteful import substitution) it is part and parcel of finance capital, which fact demonstrates the power of the financial oligarchy globally. Thus finance capital exploits labour in the neo-colony, just as it does in the centre. It does so by taking advantage, and bending to its needs, the backward conditions in the neo-colony, and thereby blocking any possibilities of development outside those needs. In the centre it does so by intensifying the exploitation of labour through increased machinery. In such circumstances it is unscientific to talk of "low wages," or "low prices", in the neo-colony, as if these are things <sup>in themselves</sup> since these are products of the objectified power of finance capital over production in the neo-colony. Equally to talk of "unequal exchange" is really to talk of "unequal exchange" between finance capital itself.

Samir Amin puts the same thesis in defence of Emmanuel, when he too speaks of "hidden transfers".<sup>83</sup> Having attacked Lenin's thesis as concerned with accumulation in the "centre", and having poked his finger in Marx's eye for not paying "attention to our problem!" (i.e. of underdevelopment through unequal exchange)



he boldly comes forward to provide us with his theory of accumulation on world scale. He fails miserably. With his underconsumptionism he cannot comprehend the laws of motion of capitalist development and consequently cannot provide us with a true understanding of accumulation on world scale. For Amin like all Keynesian underconsumptionists, "the essential law of accumulation", is the extension of markets. We have already quoted him as suggesting that it is the contradiction between the capacity to produce and consume, which accounts both for the inherent tendency for the extension of markets and for the international movement of capital".<sup>84</sup> This position follows naturally from his ahistorical and unscientific approach to the question of accumulation.

Amin becomes the arch-ideologist of the peripherists when he additionally builds his theory of social formations which he counterposes to the capitalist mode of production, when in fact these formations are caricatured and stunted by the laws of motion specific to the capitalist mode. In this ahistorical manner Amin tries to establish that primitive accumulation of the mercantalist period is still continuing to this period between the centres and the peripheries, by equating his social formations with the pre-capitalist mode of production. Although he recognises that the "pre-monopoly" forms of international division of labour are different from those <sup>under</sup> imperialism, he nevertheless reverts to the dogma by stating that:

"Nevertheless both these stages of international specialisation depend upon mechanism of primitive accumulation for they are for benefit of the centre; that these mechanism's cannot be grasped only in the context of analysis confined to the capitalist mode of production".<sup>85</sup>

Thus Amin tries to build another theory in support of Emmanuel's unequal exchange, and his Luxembourgist bent is evident in the above formulation, for he credits her for being "the first Marxist" who pointed out the "present day mechanisms" of primitive accumulation - of plunder of the third world.<sup>86</sup> It will be recalled that Luxembour's attempt to find a "third non-capitalist market" was to provide her with an explanation for the realisation of constant capital within capitalist production. Amin tries to extend this analysis and explain this accumulation in his non-capitalist social formations. In our view this "non-capitalist" connection of imperialism cannot be idealised and absolutised.



A true understanding of accumulation on world scale lies in the grasp of its many sided contradictions of which the production and accumulation in the "periphery" is part. Capitalist production emerges on the basis of a world market. It is therefore important to see this movement historically and imperialism must be understood in its dialectical development based on the laws of motion of capitalist development, which leave out no peripheries to be examined outside the general movement of these laws. In short it is Marx's analysis of expanded reproduction, which, brought to the real world through the Law of the Tendency of the Rate of Profit to Fall - through foreign trade and colonial production - and based on a correct understanding of Lenin's concept of finance capital in the monopoly era - that can correctly explain to us accumulation on world scale - that is capitalist production in the centre and the periphery as a world system. The centrist and peripherist explanations do not bring us to this scientific understanding of modern imperialism, nor give us a strategy for struggle against it, and here lies its real weakness.

The danger that the "centre-periphery" ideology poses is indeed in the struggle against imperialism. The ideology tends to fan populist sentiments and "solutions" to imperialist exploitation. The populists look to improvements in terms of trade as the answer to the imperialist exploitation. This is encouraged by the peripherists. Indeed Emmanuel urges the increase in wages in the periphery which would lead to an increase in prices leading to better terms of trade as a solution. He also advocates that the periphery should "tax exports" and transfer this excess surplus-value to the state in order to diversify production from export production sectors to replace import sectors.<sup>87</sup> In other words the solution of the national democratic revolution is to be sought in the market place, and not in the class struggle on the basis of a revolutionary united front, which does away with the production relationships dictated by international finance capital - a struggle which joins up with the struggle of the working class in the centre for they too are exploited by the same class of the financial oligarchy - the monopolist bourgeoisie.

Again the peripherists in their concept of unequal exchange also try to pit the working class in the centre against the working class in the periphery by showing that the former exploits the latter. Indeed Amin almost says the same thing when he states: "Consequently in relative terms, the proletariat of the periphery suffers an increasing degree of exploitation as compared with the



proletariat of the centre".<sup>88</sup> Mandel suggests somewhat the same position in this formulation: "It also creates (i.e. imperialism) the possibility, on the basis of its monopoly productivity, of ensuring the workers of the metropolitan countries standards of living higher than those of the colonies"<sup>89</sup>.

Whilst these statements can be justified in many ways than one, at the same time they create a negative impression that in fact monopoly capital and imperialism are in the interest of the working class in these countries. What the workers are able to wrest from the monopoly bourgeoisie in form of higher wage is through struggle. Moreover this is only a small part of the product which they produce. The exploitation of the workers is a function of the application of machinery to labour. It is therefore unscientific to say or imply that the workers of the centre exploit those in the colonies. To say so would, as Bettelheim has shown, be to hold that such workers in the centre would have "ceased to be exploited themselves, which must mean that their labour is no longer a source of surplus - value."<sup>90</sup> In reality, he continues, "these workers are, in general, more exploited (in the strict sense of the word) than the workers in the poor countries: Marx emphasized this, noting that, owing to a high level of intensity and productivity of labour in the rich countries, the wages of the workers in those countries, though nominally higher, and (to a lesser extent) higher in purchasing power in the poor countries, generally correspond to a smaller proportion of the value these workers produce"<sup>90</sup> [Emphasis in original].

Related to the question of the struggle against imperialism is the question of strategies and tactics that must be worked out if victory is to be achieved. What is the character of the revolution that must be waged in the periphery against imperialism. The theory advanced by Gunda Frank in his two books<sup>91</sup> and a series of articles has relevance to this question. Frank, going to the other side of the peripherists, puts forward a centrist solution to the struggle against imperialism in Latin America, by showing that Latin America is poised for a socialist revolution. What leads him to this wrong strategic and tactical position is his ahistorical analysis of the developments in this part of the world from the sixteenth century. Whilst the Amins argue that primitive accumulation is still continuing to date, Frank goes to the other extreme to "prove" that Latin America has been under capitalist development since then. He argues that the internal contradictions in Chile and Brazil are the expropriation of the "economic surplus". Furthermore, the polarisation of the capitalist system into metropolitan centres and peripheral satellites, and the continuity of the fundamental structure of the capitalist system throughout the history of expansions and transformation of



application is made to the particular case of liberation of these contradictions everywhere and at all times<sup>91</sup>. This Frank line of thought does not qualitatively differentiate in principle the capitalist plunder from capitalist exploitation under free trade, and exploitation under monopoly capitalism. The book is full of differences in strategies for struggle in the centre and the periphery. Goulou<sup>92</sup> correctly points out this error in Frank's theory, although he himself does not address his mind to the issue of the solution which Frank puts forward. Armed with this wrong theoretical base it is not surprising that Frank ends up by prescribing a wrong solution to the struggle namely a socialist solution in a situation in which the national democratic revolution was arrested by imperialism and remains to be completed. In our view this struggle can only succeed when the proletariat in these countries can provide a leadership which unites all the democratic forces opposed to imperialism, on the basis of the national democratic revolution. This strategy would lead to the defeat of imperialism, and thus establish a basis for a socialist revolution. A socialist solution is clearly presented to the proletariat in the metropolitan countries. Nevertheless the national democratic revolution in the neo-colonial world is interlinked as Lenin pointed out, after 1917, to the proletariat socialist revolution in the metropolitan centres. Historical experience has proved this thesis to be correct. The victory over imperialism in Indo-China this year has demonstrated that it is only on the basis of unity of the working class in the metropolis and on basis of the material support from the socialist countries that the national democratic revolution can succeed in the neo-colonies.

The support of the working class of the metropolitan countries by the independence struggle cannot be detached from this victory. The petty-bourgeois ideology which is at the base of the centre-periphery ideological, weakens the working class in both the metropolis and the neo-colonial countries. It blames the working class in the metropolis for "exploiting" the working class in the neo-colony, while the working class in the neo-colony is accused of exploiting the peasantry and thus pitting the working class against the peasantry in the neo-colony, whose alliance the working class must seek. Thus it has been shown that the centre-periphery ideology is a danger to the struggle against imperialism in the world, and that Lenin's thesis, as developed by Stalin<sup>94</sup> and Mao Tse Tung<sup>95</sup>, on the national question and on the "new democracy" are the scientific theses of the working class throughout the world in their struggle against imperialism.



NOTES AND REFERENCES

1. See for instance: Robinson & Gallagher: Africa and the Victorians  
J.A. Schumpeter: Imperialism; D.K. Fieldhouse: The Theory of Capitalist Imperialism; Barrat-Brown After Imperialism.
2. ENGELS, F: Dialectics of Nature, p. 24.
3. ENGELS, F: Dialectics of Nature, op. cit. p. 25
4. ENGELS, F: Feuerbach and End of Classical German Philosophy, Marx and Engels: Selected Works, Volume 3, p. 363-65.
5. MILL, J.S.: In NAGEL, E.: J.S. Mill's Philosophy of Science (1950) pp. 408-9.
6. See for instance BOULDEN: The Coming Crisis in Western Sociology
7. LENIN, V.I. Imperialism, the Highest Stage of Capitalism, Moscow 1970 p. 79.
8. MARX, K: Capital, Vol. III, p. 330-1
9. MARX, K: Capital, Vol. III, op. cit. Part VIII p. 328.
10. MARX, K: Capital, Vol. I, Parts III-IV.
11. MARX, K: Capital Vol. II, Part III.
12. LENIN, V.I. A characterisation of Economic Romanticism, in Lenin's collected works, Volume 2 p. 153-4.
- 12a. DUNAYEVSKAYA, R: Concerning the So-called Market Question, New Letters, Chicago.
13. LUXEMBOURG ROSA: The Accumulation of Capital: and The Accumulation of Capital An Anti-Critique.
14. LUXEMBOURG ROSA: Anti-Critique p. 56.
15. LUXEMBOURG ROSA: op. cit. p. 76.
16. For instance EMMANUEL A. Unequal Exchange.
17. MARX, K: Capital, Vol. III, p. 198.
18. MARX, K: Capital, op. cit. p. 212.
19. MARX, K: Grundrisse, 1973. Penguin p. 748.
20. MARX, K: Capital, Vol. III p. 396.
21. MARX, K: Capital, op. cit. p. 237-240.
22. MARX, K: Capital, The East India Company Its History and Results in Marx and Engels: On Britain p. 180-181.
23. DUTT, Palme: India Today, Gollancz 1940. p. 131.
24. DUTT, Palme: op. cit. p. 132.
25. SEMMELL, B. Free Trade Imperialism, Cambridge 1970. p. 111.



RICARD, D: Principles of Political Economy & Taxation Vol. 1 p. 112.

See a recent book by SIDERI D: Trade and Power: Imperial Colonialism in Anglo-Portuguese Relations, Rotterdam 1970.

Quoted in Sideri op. cit. p. 47.

JENKS: The Migration of British Capital to 1875. p. 313.

See Barran & Sweezy: Monopoly Capitalism. Penguin, p. 111.  
Amin: Accumulation on World Scale. Monthly Review, 1974 Vol. 1 p.

BUKHARIN, N: Accumulation of Capital and Imperialism. In K.J. Tarbuck: (ed.) Allen Lane 1972, p. 262.

MARX, K: Grundrisse. op. cit. p. 748-9.

YAFFE, D.S.: The Marxian theory of crisis. Capital and the State: in Economy and Society, Volume 2 number 2, May 1973, p. 204.

MARX, K: Grundrisse. op. cit. p. 749.

MARX, K: Grundrisse. op. cit. p. 750.

See P.A. Sweezy: The Theory of Capitalist Development. 1942, pp. 190-234, see also Yaffe, D.S. op. cit. p. 207-216.

MARX, K: Capital. Vol. II pp. 410-1.

MARX, K: Grundrisse op. cit. p. 750.

LENIN, V.I.: Imperialism, the Highest Stage of Capitalism: A Popular Outline. Scientific socialism series, Moscow, 1970.

HOBSON, J.A. Imperialism: A Study. London, 1902.

HOBSON, J.A. op. cit. p. 88-9.

LENIN, V.I.: Imperialism. op. cit. p. 20.

LENIN, V.I. Imperialism. op. cit. p. 22.

LENIN, V.I. Imperialism. op. cit. p. 86.

BARRAT-BROWN: Economic of Imperialism. Penguin 1974, p. 184

LENIN, V.I. Imperialism. op. cit. p. 46.

LENIN, V.I. Imperialism op. cit. p. 58.

MARX, K: Capital. Vol. III p. 195.

CHAINCROSS, A.K: Home and Foreign Investments. London 1954, p. 197.

LENIN, V.I. Imperialism op. cit. pp. 62-65

LENIN, V.I.: Imperialism op. cit. p. 86.

RAYMOND, V.I.: Sovereignty at Bay. Penguin 1971 p. 87.

LENIN, V.I.: Imperialism. op. cit. p. 74.



54. LENIN, V.I.: Imperialism, op. cit. p. 82.
55. LENIN, V.I.: Imperialism, op. cit. p. 83.
56. LENIN, V.I.: Imperialism, op. cit. p. 86.
57. LENIN, V.I.: Imperialism, op. cit. p. 82.
58. LENIN, V.I.: Imperialism, op. cit. p. 86.
59. CLAYTON, W.L.: In foreword to Wilcox: A Charter for World Trade, N.Y. 1972. px.
60. GARDNER, R: Sterling Dollar Diplomacy, 1969, N.Y. 817-18.
61. FOULANTZAS, N: Internationalisation of Capitalist relations and the Nation-state in Economy and Society, Vol. 3 No. 2, 1972.
62. P.A. BARAN & P.M. SWEEZY: Monopoly Capital, op. cit. p. 86/7.
63. P.A. BARAN & P.M. SWEEZY: op. cit. p. 23; and footnote 1 on same.
64. BARRAT-BROWN: Economics of Imperialism, Penguin, 1974 p. 216.
65. BARAN & SWEEZY: op. cit. p. 194.
66. AMIN, S: Accumulation on World Scale, Monthly Review, 1973, Vol. I, p. 1.
67. BARAN & SWEEZY: op. cit. p. 115-16.
68. JALEE, P: Imperialism in the Seventies New York 1974.
69. JALEE, P: Imperialism in the Seventies, op. cit. p. 134-5.
70. SWEEZY P.A.: The Theory of Capitalist Development, Monthly Review 1942 p. 267.
71. MENSNIKOV: Millionaires and Managers, Progress, Moscow, 1969.
72. MENSNIKOV: Millionaires and Managers, Progress, Moscow, 1969 p. 1.
73. JALEE, P: op. cit. p. 128.
74. JALEE, P: : op. cit. p. 129.
75. ALAVI, H: Imperialism Old and New in Socialist Register 1964.
76. U.N.O.: The Impact of Multinational Corporations on Development, International Relations, N.Y. 1974.
77. EMMANUEL, A: White-Settler Colonialism and the Myth of Investment Imperialism, N.I.R. No. 73 p. 34. See also Unequal Exchange p. 184-192.
78. EMMANUEL, A: White Settler op. cit. p. 35.
79. EMMANUEL, A: Unequal Exchange, 1972, New Left Books, London.
80. EMMANUEL, A.: Unequal Exchange op. cit. p. 160.
81. EMMANUEL, A.: op. cit. p. 105.
82. AMIN, S: Accumulation on World Scale, Vol. I, pp. 59, 88, 122, etc.



83. AMIN, S.: op. cit. p. 91.
84. AMIN, S: op. cit. p. 35.
85. AMIN, S: op. cit. p. 88.
86. EMMANUEL, A: Unequal Exchange, op. cit. p. 267.
87. AMIN, S: Accumulation on World Scale Vol. I p. 25.
88. MANDEL, E: Marxist Economic Theory, Merlin Press, 1971, p. 479.
89. BETTELHEIM, G.: Appendix I: Theoretical Comments: in Emmanuel: Unequal Exchange, p. 299-300.
90. FRANK, G: Capitalism and Underdevelopment in Latin America, Penguin 1971. Latin America: Underdevelopment or Revolution.
91. FRANK, G: Capitalism and Underdevelopment p. 27-38; 249-305.
92. LACLAU, E: Feudalism and Capitalism in Latin America, N.L.B. No.67, p.19-38.
93. STALIN, J.V.: (1) The October Revolution and the National Question,  
(2) The National Question Once Again.  
J.V. Stalin: Works Vol. IV. pp.169-70 and Vol. VII p.225-227.
94. MAO TSE TUNG: (1) The Chinese Revolution and the Chinese Communist Party,  
(2) On New Democracy, Mao Tse Tung: Selected Works, Vol. II pp.305-384.