

Marxism and imperialism

By Martin Thomas

"By the end of the '60s, what had once been 'the pride' of Marxism — the theory of imperialism — had become a 'Tower of Babel', in which not even Marxists knew any longer how to find their way."

Giovanni Arrighi [1]

"There is not, nor can there be, such a thing as a 'negative' Social-Democratic slogan that serves only to 'sharpen proletarian consciousness against imperialism' without at the same time offering a positive answer to the question of how Social-Democracy will solve the problem when it assumes power. A 'negative' slogan unconnected with a definite positive solution will not sharpen, but dull consciousness, for such a slogan is a hollow phrase, meaningless declamation."

Lenin [2]

WAS SERBIA the imperialist in Bosnia's war? Or the UN and NATO forces? Or Croatia? Or German finance and industry?

In Northern Ireland, according to a long history, Britain is the imperialist, and the Catholic community anti-imperialist. But now the political representatives of that Catholic community, the SDLP and the Provisionals, are looking to an alliance of the biggest imperialist power, the USA, with the European Union and Dublin, to push Britain into pushing the Protestants into a united Ireland. Who is anti-imperialist now?

The division between imperialism and anti-imperialism was never clear-cut even in the heyday of the British, French, Dutch, Russian, Turkish and other empires. Turkey was both imperialist and a semi-colony; Tsarist Russia, though not as trammelled as Turkey, was economically subordinate to European finance capital.

Plainly, however, the question is much more complicated now, so complicated that "anti-imperialism" can be used to justify a vast range of policies — pro-Serbian or pro-Bosnian in Bosnia, for example.

The short answer to the bewildering complexity is that Marxist policy should always be based not merely on anti-imperialism or anti-capitalism, but on our positive programme: working-class self-liberation, working-class struggle, working-class unity, consistent democracy, the right of nations to self-determination, local autonomy for minorities, equal rights for all. That positive programme, before any complicated calculation of who or what is imperialist and to what degree, is the compass that keeps us from getting lost.

To say that, however, already assumes some conclusions about imperialism: that the division between imperialist and anti-imperialist is not absolute, and that it does not override class divisions.[3] To assess and orient ourselves in the world requires some understanding of imperialism. And behind the political questions lie analytical ones.

If the colony-grabbing drive of the late 19th and early 20th century was a product of imperialism, then what have the colonial liberation movements winning independence after 1945 done? Have they been illusory? Is independence a mere empty formality behind which the imperial powers still grip their vitals? Or, on the contrary, have they destroyed imperialism? Did they emerge only because imperialism was already collapsing? Did they reflect, or shape, a modified form of imperialism?

If European capitalism needed colonies in the first half of this century, why has it not collapsed without them in the second half? If early 20th century imperialism marked "the highest stage of capitalism", the "epoch of capitalist decay" — as revolutionary Marxists wrote at the time — what is the late 20th century?

To answer these questions we must first clear away much confused "Marxist orthodoxy." Through a review of the classical Marxist literature on imperialism, from the 1890s to World War 2, I will argue:

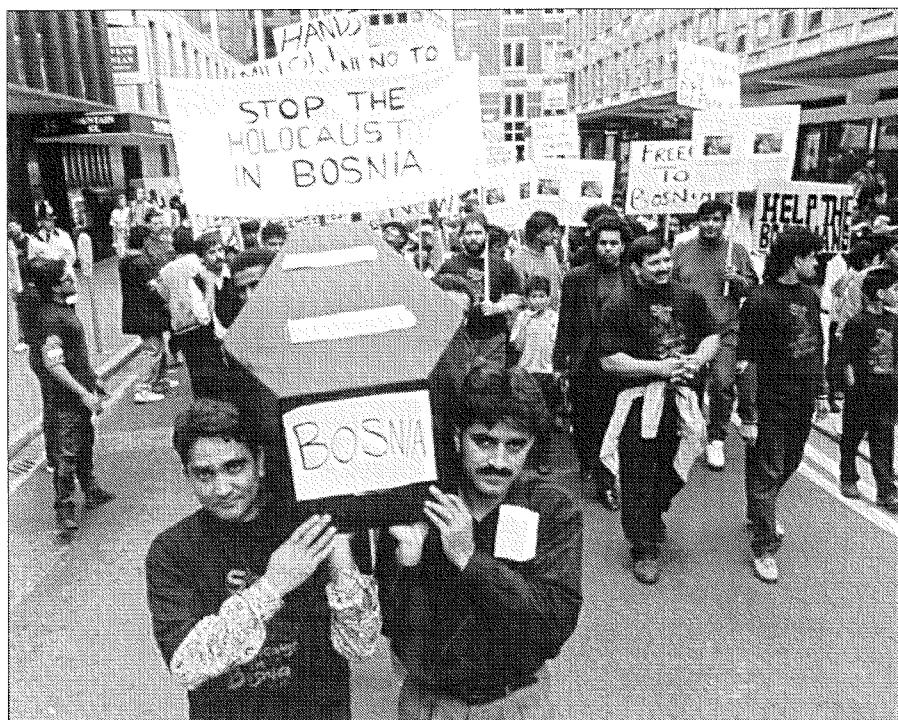
- That the usual thumbnail "Marxist" definitions of imperialism — "finance capital", "export of capital", "monopoly capital" — represent only grabbing at strands in the classical revolutionary-Marxist literature. Despite its richness, that literature contained many loose ends and false tracks: it never produced a "finished" theory.

- That the capitalist world economy generates drives both to the world-wide expansion of capitalism and to the domination and plundering of underdeveloped areas by the stronger, richer states. Over the last 200 years these different drives have combined under a number of successive different regimes — a number of different "epochs of imperialism."

Imperialism and high finance: Kautsky builds on Engels to answer Bernstein

Maybe the first big classical-Marxist statement on imperialism was by Karl Kautsky, in 1899, replying to Eduard Bernstein's call for a "Revision" of the perspective of Marx and Engels.

In the 1890s Engels had identified *monopolies, cartels, credit and high finance* as expressions that classic individual capitalism was decaying and becoming "socialistic", but in an upside-down way which sharpened plunder, swindling, and crises. *Colonialism* was a profit-making venture of the new financial



Pro-Bosnian demonstrators in Manchester, August 1992. The positive Marxist programme of the right of nations to self-determination indicated support for the Bosniacs against Serbian aggression. But many left-wingers, believing that any blow against a big power must be supported irrespective of its relation to socialist and democratic objectives, sided with Serbia because it came into conflict with the USA, the UN and NATO. Photo: Paul Herrmann.

aristocracy.[4]

Bernstein argued, on the contrary, that the new trends made capitalism more open to peaceful and piecemeal progress. *Credit* gave the system more flexibility. Industrial *cartels* (associations of companies bound together by agreements on production levels, prices and sales) gave the capitalists more conscious control. They could avoid overproduction by mutual agreement. The growth of the *world market*, and improvements in communications and transport, also made the system more flexible. Capitalism could probably postpone "general commercial crises" for a long time.

Bernstein criticised the *way* the German government pursued its imperialist policy, but argued that the trend was towards peace and harmony between nations. "The workman who has equal rights as a voter... who... is a fellow owner of the common property of the nation, whose children the community educates, whose health it protects, whom it secures against injury, *has a fatherland...*", and so should oppose Germany being "repressed in the council of the nations." Moreover: "Only a conditional right of savages to the land occupied by them can be recognised. The higher civilisation ultimately can claim a higher right." [5]

Bernstein's scenario of peace and free trade was an illusion, replied Kautsky. "Protective tariffs are easier introduced than abolished, especially in a period of such raging competition on the world market... Free trade! For the capitalists that is an ideal of the past." Bernstein claimed that speculation was a disease of capitalism's infancy. But infant capitalism was being promoted across the world by the "overflowing capitals of the older countries... Argentinian and Transvaal speculation holds its 'wildest orgies' not only in Buenos Aires and Johannesburg, but equally in the venerable City of London."

And colonialism, Kautsky insisted, was

inseparable from militarism and the despoiling of colonial peoples for the benefit of "the modern kings of finance [who] dominate nations directly through cartels and trusts and subject all production to their power." [6]

"The financier", Kautsky went on to argue, "finds militarism and a strong active governmental policy, both external and internal, very agreeable. The kings of finance need not fear a strong governmental power, independent of people and Parliament, because they can rule such a power directly either as bondholders [i.e. as people who lend money to the government], or else through personal and social influences. In militarism, war and public debts they have a direct interest, not only as creditors, but also as government contractors..."

"It is wholly different with industrial capital. Militarism, war and public debts signify high taxes... War signifies besides this... a break in trade... A strong governmental power arouses anxiety in [the industrial manager] because he cannot directly control it... he inclines rather to liberalism... [But] The opposition between finance and industry continually decreases... finance ever more and more dominates industry." [7]

Much of Kautsky's argument was a Marxist conversion of ideas which were to be summed up with great verve by the English radical liberal, J A Hobson, in a book motivated by the Boer War (*Imperialism*, 1902).

"The Imperialism of the last three decades", wrote Hobson, "is clearly condemned as a business policy, in that at enormous expense it has procured a small, bad, unsafe increase of markets, and has jeopardised the entire wealth of the nation in rousing the strong resentment of other nations." But imperialism continued because "the business interests of the nation as a whole are subordinated to those of certain sectional interests."

Arms contractors, some exporters, the shipping trade, the military, and those who wanted jobs for their sons in the Indian Civil Service, all had an interest in imperialism. But "the governor of the imperial engine" was "the great financial houses", which were investing abroad at such a rate.

"The economic taproot of Imperialism" was overproduction and glut of capital. "Messrs Rockefeller, Pierpoint Morgan [etc.] need Imperialism because they desire to use the public resources of their country to find profitable employment for the capital which would otherwise be superfluous."

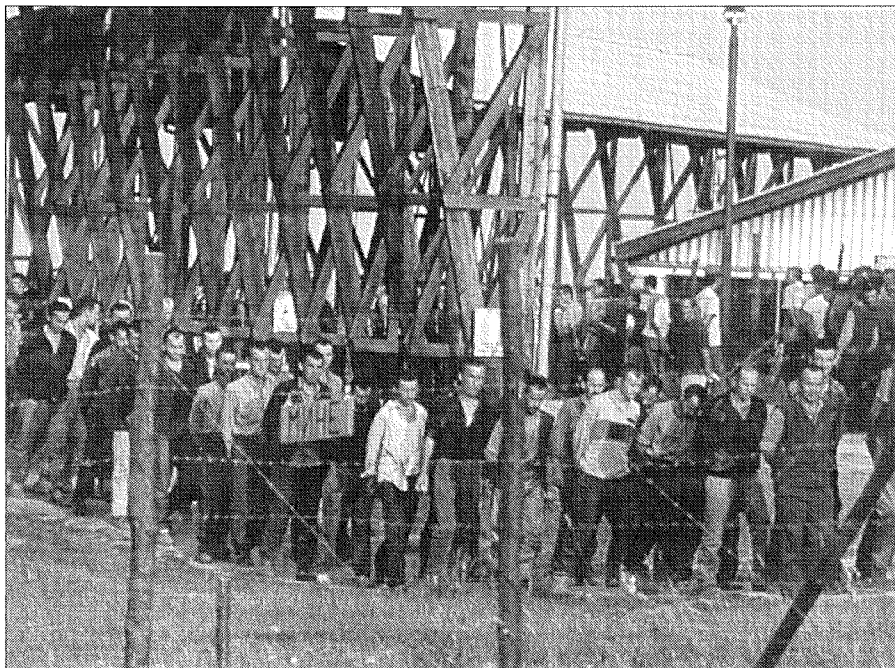
Imperialism was also *parasitic*. "To a larger extent every year Great Britain is becoming a nation living upon tribute from abroad, and the classes who enjoy this tribute have an ever-increasing incentive to employ the public policy, the public purse and the public force to extend the field of their private investments, and to safeguard and improve their existing investments. This is, perhaps, the most important fact in modern politics." [8]

The overproduction and glut were due to inequality of income. The workers could not consume much because of low wages; the capitalists could not possibly use all of their huge incomes on luxuries, and thus had vast amounts left seeking investment. Balance should be restored through *social reform*, higher wages, more spending on public services. This would lead to more balanced national economies and less searching for markets abroad.

Kautsky saw a similar permanent glut. "If the capitalist mode of production raises the mass production of goods to the utmost, it also limits to a minimum the mass consumption of the workers who produce these goods, and therefore produces an ever greater surplus of goods for personal consumption..." [9]. He differed from Hobson in arguing that this glut would be resolved by the collapse of capitalism and the socialist revolution, rather than by "social reform", and in contending that finance-capital *dominated*, rather than being only a "sectional interest" counterposed to "the business interests of the nation as a whole."

Another difference was that Hobson used the word "imperialism", where the German Marxists at this stage would use a term like "world policy." "Imperialism" was not special Marxist jargon: on the contrary. The Marxists took over the term from the common usage of British bourgeois politics — where some, like Rosebery, called themselves "Liberal Imperialists", others, like Hobson, anti-imperialists. They used it in the same sense as common usage — the new aggressive colonial and world-economic policy of the big powers — and sought to uncover its economic roots in the rise of high finance.

Many of the core ideas of the whole literature were already expressed by 1902: militarism, colony-grabbing, conflict and an authoritarian state as the political trends; high finance, economic decadence and glut, and export of capital, as the economic underpinnings.



Bosniac and Croat prisoners in a Serbian concentration camp



Forty thousand march against the war by the USA and the UN against Iraq, February 1991. This "war for oil" had its complexities, too. Socialists denouncing the UN/US war also had to stand up for the rights of the Kurds and of the inhabitants of Kuwait, brutally trampled on by Iraq's "sub-imperialist" regime. Photo: John Harris.

But what exactly was finance capital? This question was never properly resolved. And the recurrent idea of metropolitan capitalism having become "glutted" would also cause confusion.

Effective demand depends not only on consumption but also on investment; and in fact fluctuations in demand for *investment* goods are generally the prime movers in crises. Demand for those investment goods can soar while final consumption stagnates — and, vice versa, the run-up to a crisis is generally a period of unusually *high* working-class consumption but sagging investment.

"Overproduction" is not a permanent condition; capitalism constantly *sheds* overproduction through crises and then builds it up again. The relation between supply and demand for money-capital is determined by the tempo of self-expansion of capital. It is a relation between profits accumulated from *past* capitalist exploitation, and profits available from *present* capitalist exploitation. The spasmodic nature of capitalist development means that this supply-and-demand relation is constantly falling out of balance and generating "surpluses" of money-capital. But those surpluses are a function of the cycle of boom and slump, not of any absolute level at which an economy becomes "full up" of capital.

The notion of an absolute level after which a capitalist economy will become permanently "glutted" and awash with surplus capital is a recurrent theme in mainstream economics, from Adam Smith to Keynes. It has been attractive to socialists because it seems to show that capitalism must inevitably break down. It is misleading.

The crisis of 1907. Imperialism from the point of view of the colonies.

EVENTS in 1907 sharpened the socialist debate on imperialism. The whole philosophy of German Social-Democracy had become increasingly based on a steady growth of Party membership, trade union membership, and votes. As capitalism developed, so the socialist movement would grow, until finally the accumulated strength of that movement would overcome capitalism, weakened by its (also growing) internal contradictions.

Then in the election of January 1907 the ruling Conservative/National Liberal bloc made imperialism the central issue. They denounced the Social Democrats, who had been criticising the German state's brutality in its South West African colony, as unpatriotic — and reduced them from 81 parliamentary seats to 43.

For a party so convinced that the laws of social development guaranteed it steady growth, this result was a catastrophe. What had gone wrong? Too much radical agitation, said the right wing. It was no use fighting against necessary historical development, and imperialism was a necessary historical development. The Social-Democrats should vow allegiance to "the defence of our fatherland." [10]

The Left protested. Imperialism had attracted the middle classes, and undercut liberalism; but it would lead capitalism into convulsions, and eventually alienate the middle classes. The socialists must prepare for revolutionary upheavals by militant *anti-imperialism* and by distancing themselves from liberal illusions.

In August 1907 the Socialist International met in Stuttgart. The Revisionists tried to shift the movement into a more accommodating attitude towards militarism and colonialism. The full congress voted down the Revisionist draft, and condemned colonialism on principle, but only by 127 votes to 108.

In the three weeks between the Stuttgart international congress and the German party's congress at Essen, Kautsky wrote a pamphlet on *Socialism and Colonial Policy* to defend the views of the left. This was the most comprehensive statement of classical Marxism on imperialism *as it affected the colonies*, and provides more of lasting interest than the other pamphlet (*The Road to Power*, 1909) in which Kautsky restated his views on imperialism as a stage of capitalist decay and convulsions.

Kautsky distinguishes between three sorts of colonies.

In settler colonies, or, as Kautsky calls them, "work colonies", like the US, Canada, Argentina, Australia, etc., where European settlers became a new working class rather than exploiting the local workforce, colonialism undoubtedly has brought capitalist progress. There, socialist policy should be for an accommodation, to safeguard the rights and interests of the local peoples. Colonisation has in fact "led everywhere to the repression, and often to the complete destruction of the natives, but that was not an unavoidable result" given the vast size

and resources of the countries concerned.

But the Revisionists proclaim a policy of reforming colonialism, in practice, for *quite different* colonies — for colonies where the metropolis exploits local labour, with the aid of only a small band of privileged colonial settlers.

From "old-style exploitation colonies" — notably Latin America under Spanish and Portuguese rule, and India in the earlier stages of colonial rule there — the colonial powers drew profit through crude plunder. To "new-style exploitation colonies", capital is exported. That brings some economic development. But the countries are kept under colonial rule, to safeguard investments and also to supply the force necessary to open the way for capitalist development: colonialism, despite all the Revisionists' argument, is inseparable from brutal force. With the export of capital, therefore, comes heavy taxation to pay for the military establishment and to pay the interest on the loans raised for building railways and so on. The taxes pauperise the peasantry and disrupt agriculture — and so, in India for example, there is "continual increase in famine and misery, in spite of heavy flow of English capital to India with a consequent improvement of the Indian

Ballade for Mr MacLeish

You say, who read, that we who write
Have failed to do our duty by
The blind and bogged who needed
light,
The prisoners who needed sky,
The puzzled masses doomed to die,
The stunted youth that could not
grow.
Yes, we failed and we know why:
You need not tell us what we know.

Easy to niggle and indict
Charges none of us deny:
We have not made the negro white
Nor taught the wombat how to fly.
We neither caught the Future's eye
Nor yet preserved the status quo.
The world we found we left awry:
You need not tell us what we know.

We have not set the epoch right,
We would not if we had to lie;
Writers by trade we have tried to
write
By evidence of mind and eye;
The day for that is perhaps gone by,
Truth is unfashionably slow
And shuns the opportune reply:
You need not tell us what we know.

Envoi

Gentry, you ask us to deny
The only right the arts bestow.
We know our failure to comply;
You need not tell us what we know.

Louis MacNeice

productive forces in places."

The export of capital produces malign results even in formally independent states, for example Turkey. "Oriental despotism becomes horrifyingly oppressive wherever it masters the instruments of power of European civilisation, but at the same time becomes the debtor of Europe... [The resulting regime] brings to a peak the oppressive and degrading effects of capitalism, without developing any of its progressive qualities, and in the same way it develops only the oppressive characteristics of oriental despotism while destroying those aspects of it which soften its rule. It pairs despotism and capitalism in an abominable union." [11]

Kautsky emphasises what would later be called "the development of underdevelopment" in the colonies more than other classical Marxist writers. *He does not deny that colonial rule can promote capitalist development, or suggest that shutting underdeveloped countries off from the outside world is better than exposing them to capitalist economic influence:* but he insists that the limited and painful promotion of capitalist development by imperialism is no sufficient reason for socialists to support political oppression.

"We can and must place no obstacle in the way of competition where the capitalist mode of production comes into free competition with backward modes of production. But the situation changes if we are asked to help the state power to fight for the interest of the capitalist class against the backward nations, and to subdue these for them with armed might, as happens in colonial policy. We must resist this with determination."

Kautsky's bottom line is that: "If the ethic of capitalism says that it is in the interests of culture and society for lower classes and nations to be ruled, the ethic of the proletariat says that precisely in the interests of culture and society the oppressed and those under tutelage must throw off all domination." This remains the bottom line for revolutionary Marxists to this day.

Luxemburg and Hilferding

THIS analysis of capitalist development in the colonies was taken further by Rosa Luxemburg in her book of 1913, *The Accumulation of Capital*. She too described how the development of capitalist relations in the underdeveloped countries, and the clawing-in of their pre-capitalist economies to the capitalist world market, led the big powers to use *force*, seizing colonies or using the local state as "a political machinery for exploiting peasant economy for capitalist purposes — the real function, this, of all Oriental states in the period of capitalist imperialism." It created "the most peculiar combinations between the modern wage system and primitive authority in the colonial countries." [12]

Capitalism in the colonies and semi-colonies, however, occupied only the last quarter of Luxemburg's book. She gave pride of place to a new statement of the the-

sis that a permanent "glut" within the advanced capitalist economies was the motor force of imperialism.

Where, Luxemburg asked, did the money come from to enable the capitalists to sell the goods in which surplus-value was embodied? Or, rather, where did the "effective demand" come from?

The answer, in fact, is that credit supplies the money and the effective demand is generated — erratically, with ups and downs of crisis — by the capitalists' drive to accumulate. But Luxemburg insisted that within a pure capitalist economy there was *no* answer. To survive, capitalism needed non-capitalist consumers. But, as capitalism expanded across the world, the number of non-capitalist consumers decreased. Capitalism would run into bigger and bigger problems, and eventually *collapse*.

As the Russian Marxist Nikolai Bukharin soon pointed out, this argument is untenable. Non-capitalist consumers do not help the problem. Where do *they* get the money from? Non-capitalist consumers do not supply liquidity for capitalism; capitalism supplies liquidity for them.

Much more solid as an extended analysis of the mechanics of imperialism was Rudolf Hilferding's *Finance Capital*, published in 1910 but mostly written in 1905.

The book starts with a long and intricate discussion on the theory of money, credit, interest and the stock exchange, aiming to show that "there is a growing tendency... to concentrate all capital in the form of money capital, and to make it available to producers only through the banks... Even today, taking possession of six large Berlin banks would mean taking possession of the most important spheres of large-scale industry."

Hilferding defines finance capital as "capital in money form which is... transformed... into industrial capital." He adds a qualification. "This does not mean that the magnates of industry also become dependent on banking magnates"; rather, bank capitalists and industrial capitalists "unite in close association."

Cartels are generated because otherwise the rates of profit would be *lower* for giant enterprises. With modern credit it is easy to get into large-scale production; given the huge amounts of fixed capital involved it is difficult to get out. So the giant enterprises form cartels to keep their profits up. The banks help them.

Kautsky and Luxemburg, in polemic against Bernstein, had stressed the instability and fragility of cartels, but Hilferding shifts the emphasis: "There is a constant tendency for cartelisation to be extended." Cartels generate high profits, but they also restrict investment, both inside the cartel (because it restricts production) and outside (because profits are low). Cartelisation therefore gives an extra push to the export of capital.

Cartels cannot prevent crises; but they (and banks) can withstand them better than non-cartelised industries, and so crises accelerate the concentration of capital. The "monopolistic combines" turn against *lais-*



South Korean workers on strike, 1991. The rapid growth of capitalist industry in South Korea and many other "Third World" countries has produced new armies of grave-diggers for capitalism

sez-faire. They make governments introduce tariffs, not to protect infant industries, but to secure the home market for the cartels. Those tariffs, in turn, further boost cartelisation, and give another push to the export of capital.

Since they export capital, the big powers need to clear the way for capitalism in underdeveloped countries. They *force* peasants to become wage-workers. "These violent methods are the essence of colonial policy, without which it would lose its capitalist rationale." But "capitalism itself gradually provides the subjected people with the ways and means for their own liberation" through national independence movements. The competitive drive for economic territory will lead to war between the big capitalist states. "The response of the proletariat to the economic policy of finance capital — imperialism — cannot be free trade, but only socialism."

The book was a formidable work, but not quite the definitive summing-up which Hilferding intended. Rather than developing a whole new theory, it pulled together ideas from writings such as Kautsky's into a tidier structure — and often through very dubious logical deductions. For example: Hilferding argues that banks *must* come to dominate because the rate of interest remains stable (so he observes empirically) while the rate of profit declines (so he believes from Marx's theory). [13] No-one seems to have taken this argument further, not even Hilferding in the later parts of the book. The argument about the hegemony of "six large banks", propped up by such dubious logic, is grossly exaggerated.

The analysis moves too directly from abstract economic reasoning to current German realities and back again, so that we get a picture of finance-capital in general, and of Germany in 1905-09, but not

much of the general development of imperialism in a variety of countries in the whole first part of the 20th century.

World War 1: Lenin and Bukharin against Kautsky

ABOUT 1912 Kautsky shifted to views on militarism and inter-capitalist conflict (though not on colonialism) very similar to those of Bernstein which he had criticised 13 years earlier. In 1914 world war erupted. Kautsky said that socialists should press the capitalist governments to make peace — for that was a better policy in the long run even from a capitalist point of view — and in the meantime each group of socialists should defend their “own” country. The next phase in the classical Marxist argument was a polemic against Kautsky from the revolutionary anti-war left, by the Russian Marxists Bukharin and Lenin.

Bukharin's book *Imperialism and World Economy* was written in 1915, and read by Lenin, who wrote a preface for it in December 1915. The manuscript was lost, and recovered for publication only late in 1917. Bukharin rewrote missing sections and added material from Lenin's pamphlet. Lenin's pamphlet *Imperialism* was written in January-June 1916, and published in April 1917. Each work was therefore influenced by the other.

Lenin drew on the same concepts as Kautsky in his radical days, but crafted a sharper and tighter argument, and with militant conclusions, organised around the concept of *monopoly capitalism*. He honed the argument down to the fundamental trend identified by Marx and Engels: the concentration and centralisation of capital, its conversion of competition into monopoly. He used the terms “finance capital” and “export of capital” a lot, but they were, essentially, borrowings from the younger Kautsky and others, not central ideas in Lenin's distinctive argument.

The immediate cause that Lenin cited for “the conquest policy of modern capitalist states” was the competition between the great monopoly capitalists for raw material sources. “The principal feature of the latest stage of capitalism is the domination of monopolist associations of big employers. These monopolies are most firmly established when *all* the sources of raw materials are captured by one group... Colonial possession alone gives the monopolies complete guarantee... in the struggle against competitors... The more capitalism is developed, the more strongly the shortage of raw materials is felt, the more intense the competition and the hunt for sources of raw materials throughout the whole world, the more desperate the struggle for the acquisition of colonies.” He cited other factors, but as secondary: a struggle to seize *potential* sources of raw materials as well as actual ones, arenas for other monopoly business, ideological reasons, territory for emigration.

This argument obviously raises the question: could not the monopolies obtain their raw materials more cheaply through free trade? Couldn't they settle their conflicts

peacefully, without war? In replying, Lenin puts the competition for raw material sources into context as only an expression of what he considers *fundamental* to imperialism: the growth of *monopoly* capital and its inherent striving for “violence and reaction.”

“Economically, the main thing in this process [of imperialism emerging] is the displacement of capitalist free competition by capitalist monopoly.” “If it were necessary to give the briefest possible definition of imperialism we should have to say that imperialism is the monopoly stage of capitalism.” “In its economic essence imperialism is monopoly capitalism.” “Domination, and the violence that is associated with it, such as the relationships that are typical of the ‘latest phase of capitalist development’; this is what inevitably had to result, and has resulted, from the formation of all-powerful economic monopolies.” “Politically, imperialism is, in general, a striving towards violence and reaction.” “The political superstructure of this new economy, of monopoly capitalism (imperialism is monopoly capitalism) is the change *from* democracy to political reaction. Democracy corresponds to free competition. Political reaction corresponds to monopoly.” “The capitalists divide the world, not out of any particular malice, but because the degree of concentration which has been reached forces them to adopt this method in order to obtain profits.” [14]

Where Lenin honed down the stock ideas of the pre-1914 left, Bukharin expanded them, taking up an idea hinted at by Rosa Luxemburg in 1899 when she wrote about “the contradiction between the international character of the capitalist world economy and the national character of the capitalist state...” [15]. Technical progress, improved communications, larger-scale industry, and the expansionist drive of capitalism, led capitalists to make more links (trade, finance, etc. etc.) across national borders. “The course of economic development creates, parallel to this process [of internationalisation of capitalist interests], a reverse tendency towards the nationalisation of capitalist interests.” “The process of the internationalisation of economic life can and does sharpen, to a high degree, the conflict of interests among the various ‘national’ groups of the bourgeoisie...”

Businesses were also becoming more closely linked to banks, cartels, and the state in their home market. They were tied to their nation-states especially by the rise of *tariffs* since the 1870s. Far from just protecting infant industries, the capitalist states were now protecting their most advanced (and highly monopolised) industries. The monopolies, thus assured of a safe and highly profitable home market, could then seek to conquer foreign markets by *dumping* (selling below cost of production).

Conflict between the two contradictory tendencies, to internationalisation and to closer ties with the nation-state, produced “the conquest policies of modern capitalist states.” Capitalist interests wanted to expand their operations internationally.

They found difficulty. They looked to their nation-states for help. “The policy of finance capital pursues a threefold aim: first, the creation of the largest possible economic territory which, secondly, must be protected against foreign competition by tariff walls, and thus, thirdly, must become an area of exploitation for the national monopoly companies.” [16]

Abstractly, an international agreement on trade was possible, on the lines suggested by Bernstein and Kautsky after 1912. In practice it was difficult. A stable international cartel presupposed a stable balance of economic forces *and* a stable balance of military forces *and* confidence that the stable balances would continue. So any actual progress towards a “world trust” would be through wars. The “nationalist” tendencies in capitalism would prevent harmonious internationalism; the “internationalist” tendencies would rule out a retreat by different capitalist classes each into their own territory.

Bukharin *sums up* his definition of imperialism in the term *finance capital*, but his overall argument does not square with this summary. After repeating Hilferding's definition of finance capital and giving a few examples, he says little more about it. In his main argument, this integration of banks and industry is only one *aspect* of the ‘nationalisation’ of capital; the international operations of bankers and financiers are only one *aspect* of the ‘internationalisation’ of capital. With Lenin, likewise, finance capital and export of capital figure as *aspects* of the basic development, which for him is the rise of *monopoly* capital. [17]

It is true that “high imperialism” was based on, depended on, arose from, the development of *large* concentrations of *highly mobile* capital, ready for bold foreign ventures. *In the world as it was in 1916*, those large concentrations of highly mobile capital were the vectors of imperialism. Recent research also indicates that Hobson and Kautsky were probably right about Empire bringing net gains only to some *sections* of the capitalist class — in Britain, lords, landowners, bankers and London merchants [18] — while for the class as a whole the extra taxes cancelled any extra gain.

But large concentrations of highly mobile capital can operate under different regimes, as since the mid-1980s. The structure of the world economy, rather than just the growth of big capitalist money-fortunes in a few countries, was the *fundamental* basis of “high imperialism.”

The sharpness of the wartime political struggle gave Bukharin's and Lenin's pamphlets greater vividness and focus than the pre-1914 literature. As polemics they were devastating; as sharpened summaries of the Marxist literature, they stand up very well to later bourgeois-academic criticisms. [19] Their adequacy as textbooks for the study of imperialism across the whole of the twentieth century — which is not the purpose for which they were written — is another matter.

Bukharin created a rich and flexible

theoretical framework, in which he could integrate many of the ideas of the previous Marxist literature, while rejecting the false starts like the notion of the permanent glut of capital. Kautsky's, Luxemburg's and Hilferding's ideas about the roots of colonial conquest in the logic of capitalist "primitive accumulation" in the colonies (rather than just impulses from the metropolis) — ideas which indicated that colonial rule would be difficult and maybe even too expensive to retain once capitalist development in the colonies had gone a certain distance — could also have been integrated into the framework; Bukharin, however, marred his argument by schematic and mechanical deductions from his basic framework, a schematism which led him astray on important political questions.

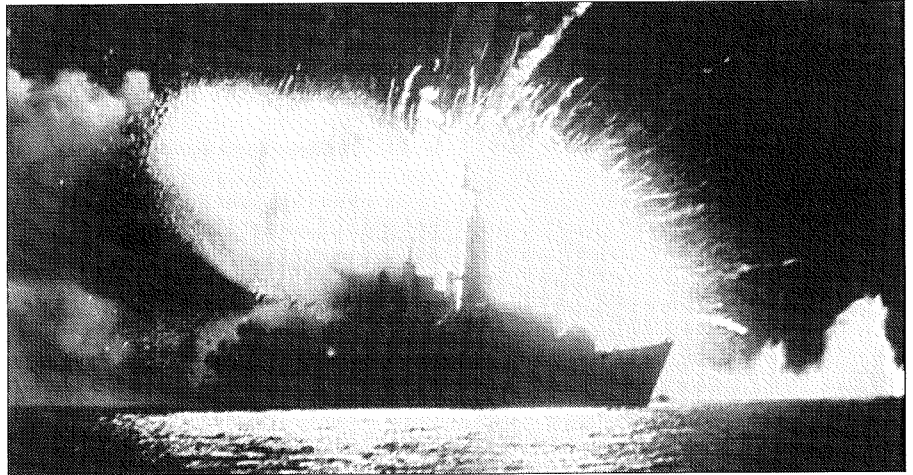
"Leninism" made dogma: finance capital, parasitism and decay

AFTER Lenin's death, the Stalinists constructed a chopped-up orthodoxy of "Leninism", which, by sheer weight of literature and resources, shaped left-wing thinking way outside the Stalinist parties.

That chopped-up orthodoxy has deformed understanding in several ways. First: for most readers, *only* Lenin's pamphlet was available as a summary of the classic Marxist theory of imperialism. Bukharin's, Hilferding's, Kautsky's, and Luxemburg's writings were little published and little read.[20] Secondly: Lenin's pamphlet *did not cover* what became the hottest question about imperialism, its relation to economic development in the Third World. To fill the gap in "Leninist" theory, phrases from the pamphlet which *looked as if* they might be about that were taken as the "Leninist" line! Thirdly, the Stalinists simply *distorted* Lenin sometimes. Fourthly, the theory got distorted "honestly" by statements about *tendencies* being taken as a comprehensive account, without regard to counter-tendencies. And fifthly, or so I shall argue, some *real weaknesses* in Lenin's account provided fertile ground for confusion.

Imperialism, wrote Lenin, was "parasitic", "decaying", and "moribund" capitalism. He was restating Kautsky's ideas of 1899-1909. In so far as he was just doing that, he was trapped by the mechanical alternatives of pre-1914 "Marxist orthodoxy" — either capitalism was progressing, and its new developments, like imperialism, should therefore be supported; or it was plunging to collapse — and within those false alternatives he was plainly wrong. 80 years later, capitalism has grown, not collapsed.

Many passages in Lenin's pamphlet suggest that imperialism meant *stagnation*. Yet even in *Imperialism* Lenin indicated that he had a more dialectical, less mechanical, view. "It would be a mistake to believe that this tendency to decay precludes the rapid growth of capitalism. It does not... On the whole, *capitalism is growing far more rapidly than before*; but this growth is not only becoming more and more uneven in general, its unevenness also manifests itself, in particular, in the decay of the countries



An Argentine shell destroys a British warship in the South Atlantic war of 1982, fought over control of the Falklands/Malvinas islands. Many left-wingers argued we should side with Argentina's military dictatorship because it was fighting imperialism, even though its conquest of islands two thousand miles from Argentina's main cities, with a non-Argentine population, could serve no democratic or socialist objective. *Socialist Organiser* (forerunner of *Workers' Liberty*) opposed both British imperialism and Argentine sub-imperialism.

which are richest in capital (Britain)."[21]

Elsewhere Lenin noted: "History does not stand still even in times of counter-revolution." [22] The productive forces were sufficiently developed for the European capitalist classes to be overthrown in 1917-23; poor working-class political leadership saved them. Capitalism went through twenty years of catastrophes, and survived again. History did not stand still. Capitalism reorganised. It *progressed*, in its own way. It created new working classes, allowed workers to raise their standards of living and education, developed new technologies. There was a new "golden age of capitalism" — golden for the capitalists, though, as always, muck and bronze for the workers.

To recognise that is not to slacken our fight against capitalism. As Lenin put it: "Can anyone in his senses deny that Bismarckian Germany and her social laws are 'better' than Germany before 1848? ... Did the German Social-Democrats... vote for Bismarck's reforms on these grounds?" [22] To discard mechanical notions of the "epoch of decay" is, however, essential if we are to understand realistically the adversities and the prospects of the socialist movement, prospects which may be changing much for the better as we enter a new, stormier era.

What must also be discarded is Lenin's confused link, following Kautsky, between "decay" and "finance capital."

In his analysis, Lenin has two completely different concepts of finance capital, incoherently combined. He writes of "the several hundred kings of finance who reign over modern capitalist society." Elsewhere, however, it is a matter of "the extraordinary growth of a class, or rather, of a stratum of rentiers, i.e., people who live by 'clipping coupons', who take no part in any enterprise whatever, whose profession is idleness." [23] So which is it? Are the finance capitalists the masters of large-scale industry, the directors of the economy — or people like the rentier who "if he speaks of

work at all means the 'work' of picking flowers or calling for a ticket at the box office of the opera." [24]

The same trends in capitalism can generate both close connections between the banks and industry (finance capital in Hilferding's sense), and a growing mass of rentiers. They can generate both sorts of "finance capitalists." But they are different groups. In Lenin's derivation of the parasitic character of imperialist capitalism he mixed them up. "Capitalism has now singled out a *handful*... of exceptionally rich and powerful states which plunder the whole world simply by 'clipping coupons'." "More and more prominently there emerges, as one of the tendencies of imperialism, the creation of the 'rentier state', the usurers' state, in which the bourgeoisie to an ever-increasing degree lives on the proceeds of capital exports and by 'clipping coupons'." "The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production and sets the seal of parasitism on the whole country..." [25].

Rentier income was indeed a major feature of the great capitalist states before the First World War. In Britain nearly a half of all property income in 1913 was rentier income from abroad, and nearly half of that from the Empire. [26] But Lenin's argument was warped by a slippage from one sense of "finance capital" to another: imperialism was first characterised as the dominion of the "kings of finance" who ran industry and the state, and then identified with the dominion of the rentiers who concerned themselves with flowers and the opera. And the dominion of the rentiers meant stagnation and decay. [27]

"Capitalism, which began its development with petty usury capital, is ending its development with gigantic usury capital... With a stationary population, and stagnant industry, the 'country' can grow rich by usury." [28] Lenin was referring to France; but he also endorsed Hobson's vision: "The

greater part of Western Europe might then assume the appearance and character already exhibited by tracts of country in the South of England... little clusters of wealthy aristocrats drawing dividends and pensions from the Far East, with... professional retainers and tradesmen... personal servants and workers in the transport trade and in the final stages of production of the more perishable goods; all the main arterial industries would have disappeared, the staple foods and manufactures flowing in as tribute from Asia and Africa." [29]

This perspective was in truth more speculative and fantastic even than Kautsky's peaceful "ultra-imperialism." If the centre of productive industry should shift to Asia and Africa, which it has not to this day, by what power would effete Europe prevent the Asian and African capitalists from taking possession and denying Europe its "dividends and pensions"?

Lenin was highlighting a *tendency* and painting it in bright colours for polemical effect; we need not imagine that he had forgotten about the counter-tendencies. Nonetheless, the chain of argument from imperialism to the kings of finance, to the rentiers, to parasitism, had grievous effects. It enabled later writers to stamp "Leninist" authority on arguments about the permanent "glut of capital" and about the capitalist development of poorer countries being impossible under imperialism. It became the means of ascribing "Leninist" authority to modern "dependency" theory — since that is about rich nations plundering poor nations — and suppressing the gist of the classical Marxist view on capitalist development in the Third World.

"Dependency" theory dates back to Paul Baran's book *The Political Economy of Growth* (New York, 1957). Third World countries were underdeveloped, argued Baran, mainly because of parasitism within the Third World countries and a *drain of surplus* to the advanced countries. The answer was for those forces seeking development in Third World countries to follow the model provided by the USSR — expropriate the parasitic old property-owning classes, centralise resources in the hands of the state, cut down economic relations with the rest of the world to a minimum.

Andre Gunder Frank, Samir Amin, Immanuel Wallerstein and others built on Baran's analysis, developing the idea that imperialism created distorted, stunting, dependent *structures* in Third World countries. Though heavily discredited by recent facts, such as the capitalist development of Asia's Pacific Rim, this "dependency theory" remains very influential on the left, especially in pseudo-Trotskyist restatements. [30]

It was always on a completely different tack from Lenin! Class struggle, not battle between rich and poor nations, was central for Lenin.

All the classical Marxists believed that capitalism tended to *spread* capitalist development across the world: arguments such as Kautsky's of 1907 about imperialism sustaining pre-capitalist structures were within

that framework. Lenin even gave credence to Hobson's far-fetched speculation about *all* industrial development shifting to Asia and Africa, though, following Kautsky, he stressed the importance of the colonies winning *political independence* to enable them to develop capitalistically. "In Asia... the conditions for the most complete development of commodity production, for the freest, widest and most rapid growth of capitalism, have been created only in Japan, i.e. only in an independent national state." [31]

In *Imperialism* Lenin specifically argued *against* the notion of a fixed division between industrialised and non-industrialised regions (a notion which, by a logic which we need not bother to go into here, was part of Kautsky's new view on imperialism). Imperialism was about seizing not only agrarian regions, but economic territory in general. Kautsky's mistake was not innocent: German imperialism, the imperialism that it was his special duty to fight, had among its prime targets for conquest the industrialised areas of Belgium and Alsace-Lorraine. Also, imperialism was not *only* "a striving for annexations." Germany's immediate aim was not so much more colonies, but economic domination in Central Europe and in the Middle East.

And Lenin stressed how the relative economic rank of nations was *changing*. "Capitalism is growing with the greatest rapidity in the colonies and the overseas countries. Among the latter, *new* imperialist powers are emerging (e.g. Japan)." Bukharin agreed. "The industrialisation of the agrarian and semi-agrarian countries proceeds at an unbelievably quick tempo." [32]

Crucial to the "dependency" framework is the notion that the *essence* of world capitalism is the relation between two relatively homogeneous blocs, centre and periphery. The focus of study is on factors keeping the hierarchy of capitalist economies *fixed*, keeping centres central and peripheries peripheral. The classical Marxists, on the contrary, focussed on the *fluidity* and *changeability* of the hierarchical relations between capitalist economies.

The "glut of capital" and the expected collapse of capitalism

"THE need to export capital", wrote Lenin, "arises from the fact that in a few countries capitalism has become 'overripe' and (owing to the backward state of agriculture and the poverty of the masses) capital cannot find a field for 'profitable' investment." "A prodigious increase of capital, which, as it were, overflows the brim, flows abroad, etc." [33]

This is an "underconsumptionist" argument. It is strange to find it in Lenin's writings: in the debates on capitalist development in Russia he had been the most vehement anti-"underconsumptionist." And Bukharin explicitly rejected the "glut" theory. "Not the impossibility of doing business at home, but the race for higher rates of profit is the motive power of world capitalism. Even present-day 'capitalist plethora' ♦



Red Envoy

I bring no song of rolling drums,
Of pennons flying gaily,
I sing of filth and dirty slums,
Gaunt men, with hunger crazy,
Canticles, not of virtue bright, nor
holy austere lives.

I chronicle consumption's blight
And the haggard face of wives
Who gaze on children pale and wan,
Who see no flowers, nor hear birds' song.

I see no beauty, save in dreams of
justice unto those
Who keep the wheels of old earth
moving,
And oil them with their woes,
Of burning towns and brimstone red.
A phoenix from the ashes dead,
Our city truth and justice will arise.

I see this old bad order die
In a great swift blaze of fire,
A structure, clear and mighty high
Born in its funeral pyre.
Worker, know the world's for thee,
Were thou to raise the servile knee
From off the ground.

Brendan Behan

Behan, who became well-known as a playwright in the '50s, published these verses in the Irish Stalinist paper *The Workers' Republic* in March 1938. He was 16 and had been born into a layer of the Dublin working class where Stalinism and Republicanism overlapped. Less than two years later, Behan would be in "active service" with the IRA in England, planting bombs. He was captured and sent to Borstal. He tells of this in the book *Borstal Boy* (1960).

is no absolute limit.”[34]

But there it is, maybe adapted from the younger Kautsky, and gaining impact because of its connection with the picture of a “decaying” capitalism run by a gang of parasitic financiers. And in some hands this error, or careless piece of writing, became the core of “the Leninist theory” of imperialism.

It was the basis for the argument used to prove the “end of imperialism” after the Second World War, by Michael Kidron and John Strachey for example.[35] Since arms spending (Kidron) or welfare spending (Strachey) was draining away the glut of capital, the basic economic mechanism of imperialism no longer operated.

In more revolutionary circles, the idea of the “glut of capital” led to the conclusion that decolonisation would mean metropolitan capitalism choking to death on its uninvestible riches. Thus the Second World Congress of the Fourth International argued that the loss of colonies for Europe removed all chance of regaining “even the pre-war [i.e. 1930s!] economic equilibrium.” Michel Pablo noted that “the colonial base of the capitalist system is in the process of being broken up.” The colonial revolution had “already, for a start, brought European capitalism to its knees.” “Thus American imperialism, which is now glutted with productive forces, is obliged to direct its surplus into *artificial* markets: arms spending, and ‘overseas aid’.” James P Cannon put it this way: “the world market... no longer offers an adequate outlet for America’s glut of capital and surplus goods.”[36]

Economics and the state, imperialism and democracy

LENIN took up the argument pioneered by Kautsky and Luxemburg against Bernstein, about advanced capitalism destroying rather than boosting bourgeois liberalism. He argued that an economic trend (the growth of monopolies) was mirrored in politics (“violence and reaction”).

The Marxists documented the political facts of the day. But Lenin, Bukharin, Luxemburg, Hilferding, Kautsky — they all

largely assumed the connection between those political facts and the economic trends, rather than proving it. Lenin barely mentions the economic role of the state in *Imperialism*; conversely, he mentions imperialism only in passing (though frequently) in his pamphlet *The State and Revolution*, written the following year.

The argument was so sketchy, no doubt, because the Marxists saw it as less a big theoretical statement than a matter-of-fact summary from everyday observation of bourgeois politics in the period before the First World War. 19th-century free-trade individualism was being challenged in the name of Empire, Nation, State and Race. The new Imperialists might propose bureaucratic welfare measures, or they might be bleakly conservative; but for sure they stood for a stronger state than the old liberals, whether flint-faced free-traders or generous-spirited reformers. Kautsky and Luxemburg, Bukharin and Lenin, were first and foremost concerned to analyse immediate events and refute bourgeois liberal optimism, not to write textbooks for the whole evolution of state forms in the 20th century.

In fact the forms of bourgeois parliamentary democracy were somewhat *extended*, not cut back, in the period leading up to the First World War. The whole history of the century indicates that monopolistic (dictatorial) political regimes and colonial empires do not necessarily develop in parallel with the concentration of capital into larger units, at least, not short of the full concentration of capital in the hands of the state as in the USSR.

Lenin — despite summary statements implying otherwise — did allow for much more complexity in the relation between economics and politics than the other classical Marxists. “At the same time”, he emphasised, “capitalism engenders democratic aspirations in the masses, creates democratic institutions, aggravates the antagonism between imperialism’s denial of democracy and the mass striving for democracy.” “Imperialism does not halt the development of capitalism and the growth of democratic tendencies among the mass of the population. On the contrary, it *accentuates* the antagonism between their democratic aspirations and the anti-democratic tendency of the trusts.”

Even while arguing against Kautsky’s scenario of a peaceful deal between the big powers for joint exploitation of the underdeveloped countries, Lenin defined colony-grabbing as only one, auxiliary, method of imperialism — with the implication that in different circumstances different methods could predominate.

In polemic against Bukharin’s co-thinker Pyatakov, Lenin *ridiculed* Bukharin’s crude argument that “imperialist annexation is only a case of the general capitalist tendency towards centralisation of capital.” “Everyone would laugh... if, parallel with the law that small-scale production is ousted by large-scale production, there were presented another ‘law’... of small states being ousted by big ones... It would be the great-

est mistake... to believe that the trusts cannot establish their monopoly by purely economic methods.”[37]

There was a problem, however, I think, with the *grid* within which even Lenin saw the question of bourgeois state forms.

At one pole there was Jacksonian democracy — something like the early 19th century USA, minus slavery and the Indian wars — a parliamentary republic based on small proprietors, with a minimal permanent state machine, no standing army, wide civil rights, etc. At the other pole was Prussian absolutism — a big military machine and state bureaucracy, topped by a monarchy, with restricted civil rights and the most limited forms of parliamentarism. All other state forms (so the implicit assumption ran) were to be found somewhere on the scale between those two poles. Monopoly capitalism required a sizeable state machine, and the big capitalist interests would often bypass Parliament to deal with state officials directly. It meant a move away from Jacksonian democracy — and therefore necessarily towards Prussian absolutism.

The modern bourgeois democratic state machine makes the Prussian state of Lenin’s time look a very skimpy amateur outfit. Yet it has parliamentary democracy (hollowed-out but still not meaningless) and relatively wide civil rights. It is not somewhere on a spectrum between Jacksonian democracy and Prussian absolutism; it represents movement in a different direction. So does the modern fascist state.[38]

The shape of capitalism

THE structures of imperialism *cannot* be deduced solely from the “shape” of capital in the advanced countries — monopolistic, dominated by finance capital, or whatever. Flexible, dialectical deduction like Lenin’s is better than abstract, mechanical deduction like Bukharin’s, but both miss out a necessary dimension of analysis. The difference between the modern epoch of finance capital, since the mid-1980s, and the earlier one before the First World War is proof enough of that.

The capitalist world economy has its own laws, its own mutually contradictory tendencies. *Competition between nations*: the nation-state was the first framework for capitalist development. As capitalism develops, it *both* outgrows the nation-states and becomes more closely tied up with them. The world economy is therefore an arena not only of competition between capitalists, but also of competition between capitalist states.

Uneven development: capitalist development in a given country creates a spiral of new markets, improved infrastructure, better qualified workers, and attracts new investment there; underdevelopment means small markets, poor infrastructure, under-nourished and ill-trained workers; capitalism therefore has an inbuilt tendency to increase inequality of development between countries.

Expansion: capital has an inbuilt drive to expand, to spread out, and to spread out *world-wide*.



Russian tanks assemble after withdrawing from Afghanistan in 1989. Their ten-year war against the people of Afghanistan was as imperialist as America’s Vietnam war

Combined development: as capitalism expands, it takes the most advanced technology to backward areas. But it also *seizes on*, uses, and combines itself with, *pre-capitalist* modes of production where it finds them.

The history of the modern capitalist world economy can be traced through a number of *regimes* within which those mutually contradictory tendencies have been reconciled for different periods.

For the first part of the 19th century: the "imperialism of free trade" under British domination. Britain was by far the greatest industrial power, with 35 per cent of world industrial production in 1800 and 30 per cent in 1840. By both colonial and commercial expansion, it helped create the conditions for large-scale capitalist industry elsewhere. Then it lost its hegemony. There is a general law here. A dominant position such as that held by Britain in the 19th century or the US since 1945 tends to generate parasitism — high military expenditure; "imperial overstretch"; a slackening of the drive to expand capitalism at home because the capitalists of the dominant nation get comfortable profits from enterprises abroad or from financial operations.

From the 1870s to 1945: competitive colony-grabbing, "high imperialism." Germany, the US, and other countries outstripped or challenged Britain, but no one could replace it as the dominant power. There followed a competitive scramble, in which no one country could renounce tariff barriers, competitive colony-grabbing, or, when it came to it, war — uneconomic though they might be for the whole capitalist order — because it knew its competitors would not renounce them.

The intervention of the older capitalist countries in the Third World *both* promoted capitalist development there *and* built obstacles to and difficulties for that development.

The imperial powers allied with princes and pashas and sustained the pre-capitalist structures on which those exploiters rested. They destroyed local handicraft industries. They taxed the peasants and channelled the proceeds into maintaining the imperial administration and military machine, or into rentier consumption and easier investments at home. They stopped the colonial peoples having their *own* capitalist states, which would establish tariffs, public works, etc. favourable to their own capitalist development. They divided and ruled, creating usually *small* and often artificial political units, ill-designed for economic development.

In fact, some colonies — the settler colonies, the US, Canada, Australia, Argentina, etc. — had a particularly *fast* capitalist development. Their capitalist classes often *gained* from imperial connections; they *gained* secure markets in the metropolis, easy credit from it, and military protection cheap.

From 1945, a new "imperialism of free trade" developed, under US domination, in most of the world. The colonial peoples became strong enough to win freedom;

and the US encouraged the break-up of the old colonial empires in the interests of constructing a new free-trade world under its domination (and not giving political openings to the USSR).

Independent Third World capitalist regimes still have to deal with the legacies of colonialism; and they have to contend with the general unevenness of capitalist development. They are generally weak states in a capitalist world where the strong squeeze the weak.

Nevertheless, capitalism develops in the Third World, and in many countries very fast. Imperialism does not create a fixed, but rather a fluid, hierarchy of nations.

Counterposed to and competing with the US-dominated "imperialism of free trade" was the ultra-monopolist imperialism of the USSR. This Stalinist imperialism corresponded more closely to Lenin's theoretical model (monopoly in economics, violence and reaction in politics) than anything that existed in 1916, even though it was ruled over by people who hypocritically called themselves "Leninists", and it was not "the highest stage of capitalism", but — in the long view — a dead-end episode within the capitalist epoch.

Today, the USSR has disintegrated. US domination is crumbling. A new world disorder is emerging. There is strong pressure towards the recreation of trade blocs and trade barriers. It is on these trends that a Marxist account of modern imperialism and its coming crises can be built — one that learns from the classical Marxist literature without treating it as dogma. ■

Notes

1. Giovanni Arrighi, *The Geometry of Imperialism*, London 1983, p.17.
2. "A Caricature of Marxism and Imperialist Economism", *Collected Works* vol.23 p.71.
3. This is a whole debate in itself. See *Workers' Liberty* no.4 and *Workers' Socialist Review* no.2.
4. Karl Marx, *Capital volume 3*, London 1959, p.441 (Marx on credit), 438 (Marx on financial aristocracy), 437-8 (Engels on cartels, etc.), 441 (Marx on crises), 910 (Engels on colonisation), and 489 (Engels on crises). See also Karl Marx, *Capital volume 1*, London 1976, chapter 32; Friedrich Engels, *Anti-Dühring*, chapter III/2, and *Socialism Utopian and Scientific*, part 3.
5. Eduard Bernstein, *Evolutionary Socialism*, New York 1961, p.80 (crises) and p.170,178 (imperialism).
6. Karl Kautsky, *Bernstein und das sozialdemokratische Programm*, Stuttgart 1899, p.148 (tariffs), 149 (speculation), 79 (finance).
7. Karl Kautsky, *The Social Revolution*, Chicago 1902, p.56-58.
8. J A Hobson, *Imperialism*, London 1902, p.51 (business interests), 56-66 (financial houses), 76, 83 (taproot), 60 (tribute).
9. Karl Kautsky, *Socialism and Colonial Policy*, translated by Angela Clifford, p.25. Kautsky's line of thought went back as far as 1884, when he argued that "commodity production yielded a surplus that neither the worker nor the capitalist could consume... Consequently, colonial territories were important for the industrial nations as a market for surplus production" [Dick Geary, *Karl Kautsky*, Manchester 1987, p.48].
10. Carl Schorske, *German Social-Democracy 1905-1917*, p.77.
11. Kautsky, *op.cit.*, p.18 (work colonies), 29 (India), 53 (Turkey), 45 (resist with determination), 14 (ethics).
12. Rosa Luxemburg, *The Accumulation of Capital*, London 1951, p.370-1.
13. Rudolf Hilferding, *Finance Capital*, London 1981, p.180, 368 (six banks), 225, 301 (banks and industry unite), 183ff (exit costs), 234 (cartels and capital export), 288-298 (crises), 300-309 (tariffs), 319, 322 (colonial independence), 331, 366 (war), 366 (socialism), 103-4 (interest and profits).

14. Lenin, *Imperialism: The Highest Stage of Capitalism*, pp. 78 (competition for control of raw materials), 80 (secondary factors), 83, 84, 115, 27, 86 (monopoly and violence); *Caricature*, *op.cit.*, p.22 (economy and superstructure); *Imperialism*, p.71 (concentration), 79 (monopolies again). See also p.87-8 (monopoly incompatible with peaceful methods).

15. Rosa Luxemburg, *Social Reform or Revolution*, in Dick Howard, ed., *Selected Political Writings*, New York 1971, p.111.

16. Nikolai Bukharin, *Imperialism and World Economy*, London 1972, p.62 (reverse tendency), 61 (sharper conflicts), 107 (economic territory).

17. This idea of capitalism outgrowing the nation-state framework does not appear in Lenin's *Imperialism*, and for definite political reasons. Pyatakoff and Bukharin were arguing that in the new epoch of imperialism the Bolsheviks should drop the democratic demand for the right of nations to self-determination.

Too sweeping, replied Lenin, in an article written shortly after *Imperialism*. "What do we mean when we say the national states have become fetters [on the productive forces]? We have in mind the advanced capitalist countries, above all Germany, France, England... But what of other nations?" (*Caricature*, p.17). In Asia, in Africa, even in Eastern Europe, the creation of nation-states would still represent progress. Lenin did not altogether reject the idea that the productive forces had outgrown the nation-state framework. But he remained wary of it, referred to it rarely, and did not weave it into his basic analysis of imperialism.

18. Lance E Davis and Robert A Huttenback, *Mammon and the Pursuit of Empire*, Cambridge 1986. It does not follow that Kautsky was right in his plaintive speculations about a little pressure, and no extreme class struggle, soon pushing the rival capitalist states into a realisation that they would be best off with unity and peace.

19. D K Fieldhouse, for example, writes that Marxist theory as he understands it "... alleges that partition [of the world] was due to economic necessity. The industrialisation of continental Europe and the revived protectionism of the last quarter of the century made tropical colonies necessary as never before to provide markets for manufactures, fields for the investment of surplus capital, and an assured source of raw materials. Colonies were deliberately acquired to fill those needs." But in fact "remarkably few colonies were annexed as the result of a deliberate assessment of their economic potential by an imperial power... In short, the modern empires lacked rationality and purpose: they were the chance products of complex historical circumstances." [*The Colonial Empires*, London 1966, p.207, 239].

But *everything* is a "product of complex historical circumstances!" Kautsky, Luxemburg and Hilferding had demonstrated the roots of colonial conquest in the logic of capitalist exploitation *in the colonies*, not just in a "rationality" of metropolitan-capitalist deliberations. And Lenin pointed to politically or ideologically motivated colony-grabbing and "the conquest of territories", not so much directly for themselves as to weaken the adversary... (ibid. p.79, 80, 86). The bourgeois criticism is simply beside the point.

20. Tom Kemp's *Theories of Imperialism*, London 1967, made some of the ideas of Hobson and Luxemburg available. But it was academic hackwork, gave no idea of the development of the classical Marxist debate, and missed out the central figure in that debate, Kautsky.

21. Lenin, *Imperialism*, p.117 (emphasis added): see pp.52, 60, 94, 95-6 etc. on stagnation.

22. *A Turn in World Politics*, January 1917.

23. Lenin, *Imperialism*, p.41, 94; see also p.57.

24. Nikolai Bukharin, *The Economic Theory of the Leisure Class*, New York 1972, p.26.

25. Lenin, *Imperialism*, p.13, 117, 94.

26. Calculated from figures in Michael Barratt Brown, *After Imperialism*, London 1970, p.xv, 110.

27. Lenin also adduced another argument as to why imperialism should tend towards stagnation and decay: monopoly stifled competition and enabled cartels to suppress technical innovations which would disturb their business. This argument, however, he qualified heavily: see *Imperialism*, p.94. It is dubious, anyway: monopoly is rarely complete enough to lock out innovations, but often creates units large enough to afford to spend a lot on research and on trying out new products.

28. Lenin, *Imperialism*, p.52.

29. Ibid. p.97.

30. See articles in *Workers' Liberty* no.4 and no.6.

31. Lenin, "The Right of Nations to Self-Determination", *Selected Works*, Moscow 1975, volume 1 p.571.

32. Lenin, *Imperialism*, p.92; Bukharin, *Imperialism*, p.39. See also p.159.

33. Lenin, *Imperialism*, p.60, 28.

34. Lenin, *The Development of Capitalism in Russia*, first published 1899, *Collected Works* volume 3, Moscow 1960. Bukharin, *Imperialism*, p.84. See also p.96, where Bukharin quotes Marx on this question.

35. Michael Kidron, "Imperialism, highest stage but one", *International Socialism* no.9 (1962) and (reprinted) no.61 (1973); *Western Capitalism Since the War*, London 1968. John Strachey, *The End of Empire*, London 1959. A more recent argument for the "end of imperialism" is that, with the growth of multinational banks and corporations, the actions of capitalist states have become uncoupled with those of particular capitalist businesses (see David Lockwood in the Australian Marxist journal *Reconstruction*, 1994). But (1) the uncoupling is exaggerated — see David M Gordon, "The Global Economy", in *New Left Review* no.168, 1988; (2) most imperialist state actions in the heyday of "high imperialism" were not directly linked with the interests of a particular business, either — see note 19; (3) the limited uncoupling that has taken place is a factor in the new "regime" which since the mid-1980s has combined great accumulations of highly mobile capital with more-or-less free trade — but why call this the end of imperialism rather than a new regime of imperialism? Why be so finicky as to claim that the Gulf War, or the actions of the IMF, are not imperialist? It makes sense only if "imperialism" must be narrowly defined as what Lenin portrayed (or rather, is mistakenly supposed to have portrayed) in his 1916 pamphlet. This is not precision, but insane dogmatism.

36. Michel Pablo, *The Coming War*, Paris 1952; James P Cannon, *America's Road to Socialism*, New York 1953. A later document of the neo-Trotskyist movement tried to "save the theory" as follows. "Contrary to the general revolutionary Marxist assumption... the collapse of the colonial system did not lead to an immediate economic crisis... Among the multiple causes of this apparent paradox, one is of outstanding importance. So long as the newly independent states, emerging through the colonial revolution, are held by bourgeois or petty-bourgeois leaderships within the limits of the capitalist mode of production and the capitalist world market, the real power of imperialism is not broken in these countries. Its rule merely shifts from a direct to an indirect form. As foreseen long ago by revolutionary Marxists, the basic strategy of imperialism, confronted with the colonial revolution, has been to modify its form of rule while seeking to maintain its essential content" [*Dynamics of World Revolution Today*, New York 1974, p.31 (written in 1963)].

This "saves the theory" by making it empty. No intricate economic analysis is needed to see that socialist revolutions throughout the ex-colonial world would have left metropolitan capitalism hard-pressed! The argument which had been current in the revolutionary Marxist movement was that *even bourgeois independence* in the colonies would disrupt metropolitan capitalism by restricting a vital area of profitable investment (as it indeed did restrict it, through nationalisations and protectionist measures) and thus making the metropolis choke to death on its glut. That is the argument which needs to be reviewed.

37. Lenin, *Collected Works*, op.cit., vol.23, p.25 ("at the same time..."); *Caricature*, p.30 ("... accentuates..."); Bukharin, *Imperialism*, p.120; Lenin, *Caricature*, p.23 (see also p.30, and article *The Socialist Revolution and the Right of Nations to Self-Determination*).

38. Trotsky's writings on fascism imply a different "grid."

More generally: states like the Latin American "liberal-oligarchic", early 19th-century England, or Prussian absolutism, arm a corporate interest with coercive force, more or less systematic and concentrated, varying from the liberal to the absolutist end of the spectrum. The ruling corporate interest simply *confronts* the working classes, and constructs alliances only with the middle class. A vigorous middle class can force a liberal variant of "corporatist" rule.

The modern bourgeois-democratic state, by contrast, has a highly-developed "hegemonic" structure, co-opting the working class through a thousand threads. The fascist state (or the Stalinist state, with differences) organises a sort of "negative hegemonic" structure. It replaces trade unions with state labour fronts, and so on through the whole range of mass organisations. It uses great force, but also detailed, all-embracing control, such as an ordinary "corporatist" dictatorship does not have. For that it needs not only police, but thousands of more-or-less fanatical political organisers, who emerge from crisis or revolution.

As we were saying...

What's in the coffin at the funeral of socialism?

BOURGEOIS propagandists and ex-Stalinists alike tell us that we are witnessing the end of socialism.

Socialism is dying of shame, failure and self-disgust before our eyes in Eastern Europe. Socialism has been tried and is now deservedly rejected as an all-round social and historical failure.

It is rejected most explicitly by the working class who, for example, gave the right the bulk of its vote in last month's East German election.

The workers want capitalism, and socialism, "history's great dream" — so bourgeois and ex-socialist propagandists alike say — goes the way of other ignorant yearnings and strivings, taking its place in the museum of quackery alongside such relics of barbarism as alchemy.

For sixty and more years, "socialism", in common discourse, has been what existed in the USSR. The ideas conveyed by the words socialism and communism before Stalin established his system sixty years ago faded into the mists of pre-history, and "socialism" came to be the theory and practice of Stalinism — what became known in the '70s as "actually existing socialism".

That was "socialism". There has been no other socialism (unless some fool wants to cite Western "democratic socialism", Sweden for example).

And yes, it is this "actually existing socialism" that is ceasing to exist, melting like islands of ice in the warm seas of international capitalism. And yes, its enemies are the very working class in whose name the "socialist" states claimed their historic legitimacy.

So much for "socialism", "actually existing socialism". But for the socialism of Marx, Engels, Lenin, Trotsky, Luxemburg and Gramsci, it is a good thing that millions of people in Eastern Europe and in the Soviet Union have risen in revolt against "socialism" and "communism". In fact it is the best thing that has happened for socialists in fully half a century.

The face that those millions hate and despise "socialism" is the best pledge we could have that socialism has a future, that socialism is indeed the "wave of the future."

This becomes clear when you ask yourself the question: what have the workers revolted against when they revolted against "socialism"? What has been proved or disproved by the indisputable failure of the Stalinist system?

The workers and others have revolted against:

- National oppression by the USSR and within the USSR.

- Subordination of individuals, social groups, and nations to an all-powerful regulating state through which a bureaucratic ruling class exercised its dictatorship.

- The denial of free speech, free press, free assembly, free organisations.

- Exploitation and poverty, combined with outrageous privilege.

They want instead:

- National and individual freedom.

- Democracy.

- Prosperity and equality — an end, at least, to the peculiarly glaring sort of inequality imposed on the Eastern Bloc by bureaucratic privilege.

That the workers think they can get these things, or get more of them, under a market system, is very important, and determines what happens now, but it is not the whole story. It is not even the gist of the story. And it is not the end but the beginning of the chapter that

opened in the East last autumn.

And what has the failure of Stalinist "socialism" proved? That rigidly bureaucratic systems, where all power, decision, initiative and resources are concentrated in the hands of the state, cannot plan their economies effectively. No Marxist ever believed they could.

That the workers become alienated when a supposed "workers' state" actually means rule over them by privileged bureaucrats.

That socialism is impossible without freedom and democracy, without free initiative and comprehensive self-rule.

That socialism is impossible when the socialists set out to develop backward national economies, rather than the working class seizing power on the basis of the technology created by advanced capitalism and *beginning* with equality and freedom.

Eastern Europe proves all these things. But then its evidence vindicates, rather than disproves, the idea of Karl Marx.

Marx argued that socialism would grow out of advanced capitalism, which had developed the means of production far enough that want could be abolished almost immediately; that socialism would be the creation of the mass of the people, led by the working class, and, by definition, therefore, democratic; and that socialism would immediately destroy the bureaucratic state machine, substituting an accountable system of working-class administration.

What came to be known as "socialism", and in fact was "actually existing socialism", was never socialism. Lenin and Trotsky did not believe that socialism was possible in the backward Tsarist empire. What they believed was that the workers could take power there, and make the first in a chain of revolutions that would reach the advanced countries where socialism was possible.

The revolutions in Western Europe were betrayed and defeated. In isolation, the Stalinist mutation, a new form of class society with collective property, emerged by way of a bloody one-sided civil war against the workers of the USSR, led by the genuine Marxists, Trotsky and his comrades. After World War 2 it spread.

Stalinism was never socialism. But the revolt against it is socialism in embryo — the mass self-assertion and revolt of millions of people is the raw material of socialism.

It would be a true miracle if the workers in the Stalinist countries had political clarity after years in darkness. It would be remarkable if they were not confused by the official "socialism" which meant tyranny and poverty, and by the capitalism of Western Europe which means comparative prosperity and liberty.

What they are gaining now is the freedom to think, to organise, the freedom to struggle and to learn from their struggle. Out of this, the first steps towards socialism — independent workers' organisations, parties and trade unions — will emerge again in countries in which History did indeed seem to have ended in hell forty or more years ago. In the East, working-class history has begun again.

Working classes which fail to shape their own history sometimes get a second chance — in the first place the chance to learn from and not repeat that history.

"Socialism" is dead.

Long live socialism!

S.M., *Socialist Organiser*, March 1990