

# IMPERIALISM, THE HIGHEST STAGE OF CAPITALISM<sup>355</sup>

A POPULAR OUTLINE

## PREFACE

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

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

It is painful, in these days of liberty, to re-read the passages of the pamphlet which have been distorted, cramped, compressed in an iron vice on account of the censor. That the period of imperialism is the eve of the socialist revolution: that social-chauvinism (socialism in words, chauvinism in deeds) is the utter betrayal of socialism, complete desertion to the side of the bourgeoisie; that this split in the working-class movement is bound up with the objective conditions of imperialism, etc.—on these matters I had to speak in a “slavish” tongue, and I must refer the reader who is interested in the subject to the articles I wrote abroad in 1914-17, a new edition of which is soon to appear. Special attention should be drawn to a passage on pages 119-20. In order to show the reader, in a guise acceptable to the censor, how shamelessly untruthful the capitalists and the social-chauvin-

ists who have deserted to their side (and whom Kautsky opposes so inconsistently) are on the question of annexations; in order to show how shamelessly they *screen* the annexations of *their* capitalists, I was forced to quote as an example—Japan! The careful reader will easily substitute Russia for Japan, and Finland, Poland, Courland, the Ukraine, Khiva, Bokhara, Estonia or other regions peopled by non-Great Russians, for Korea.

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

Petrograd. April 26, 1917

*Author*

\* See p. 726 of the present volume.—Ed.

## PREFACE TO THE FRENCH AND GERMAN EDITIONS<sup>356</sup>

### I

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

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

### II

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

Proof of what was the true social, or rather, the true class character of the war is naturally to be found, not in the diplomatic history of the war, but in an analysis of the *objective* position of

the ruling *classes* in *all* the belligerent countries. In order to depict this objective position one must not take examples or isolated data (in view of the extreme complexity of the phenomena of social life it is always possible to select any number of examples or separate data to prove any proposition), but *all* the data on the *basis* of economic life in *all* the belligerent countries and the *whole* world.

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

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

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

## III

The Treaty of Brest-Litovsk<sup>357</sup> dictated by monarchist Germany, and the subsequent much more brutal and despicable Treaty of Versailles<sup>358</sup> dictated by the "democratic" republics of America and France and also by "free" Britain, have rendered a most useful service to humanity by exposing both imperialism's hired coolies of the pen and petty-bourgeois reactionaries who, although they call themselves pacifists and socialists, sang praises to "Wilsonism",<sup>359</sup> and insisted that peace and reforms were possible under imperialism.

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

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

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

## IV

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

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

other hand, the inevitable fruit of the ideology of the petty bourgeoisie, whose entire way of life holds them captive to bourgeois and democratic prejudices.

The views held by Kautsky and his like are a complete renunciation of those same revolutionary principles of Marxism that writer has championed for decades, especially, by the way, in his struggle against socialist opportunism (of Bernstein, Millerand, Hyndman, Gompers, etc.). It is not a mere accident, therefore, that Kautsky's followers all over the world have now united in practical politics with the extreme opportunists (through the Second, or Yellow International)<sup>360</sup> and with the bourgeois governments (through bourgeois coalition governments in which socialists take part).

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

## V

A few words must be said about Chapter VIII, "Parasitism and Decay of Capitalism". As already pointed out in the text, Hilferding, ex-"Marxist", and now a comrade-in-arms of Kautsky and one of the chief exponents of bourgeois, reformist policy in the Independent Social-Democratic Party of Germany,<sup>361</sup> has taken a step backward on this question compared with the *frankly* pacifist and reformist Englishman, Hobson. The international split of the entire working-class movement is now quite evident (the Second and the Third Internationals). The fact that armed struggle and civil war is now raging between the two trends is also evident—the support given to Kolchak and Denikin in Russia by the Mensheviks and Socialist-Revolutionaries against the Bolsheviks; the fight the Scheidemanns and Noskes have conducted in conjunction with the bourgeoisie against the Spartacists<sup>362</sup> in Germany; the same thing in Finland, Poland, Hungary, etc. What is the economic basis of this world-historical phenomenon?

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

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

This stratum of workers-turned-bourgeois, or the labour aristocracy, who are quite philistine in their mode of life, in the size of their earnings and in their entire outlook, is the principal prop of the Second International, and in our days, the principal *social* (not military) *prop of the bourgeoisie*. For they are the real *agents of the bourgeoisie in the working-class movement*, the labour lieutenants of the capitalist class, real vehicles of reformism and chauvinism. In the civil war between the proletariat and the bourgeoisie they inevitably, and in no small numbers, take the side of the bourgeoisie, the "Versaillais" against the "Communards".<sup>363</sup>

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

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

July 6, 1920

N. Lenin

Н. ЛЕНИНЪ (ВЛ. ИЛЬИНЪ).

# ИМПЕРІАЛИЗМЪ, КАКЪ НОВЪЙШІЙ ЭТАПЪ КАПИТАЛИЗМА.

(Популярный очеркъ)

СКЛАДЪ ИЗДАНИЯ:

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During the last fifteen to twenty years, especially since the Spanish-American War (1898) and the Anglo-Boer War (1899-1902), the economic and also the political literature of the two hemispheres has more and more often adopted the term "imperialism" in order to describe the present era. In 1902, a book by the English economist J. A. Hobson, *Imperialism*, was published in London and New York. This author, whose point of view is that of bourgeois social-reformism and pacifism which, in essence, is identical with the present point of view of the ex-Marxist, Karl Kautsky, gives a very good and comprehensive description of the principal specific economic and political features of imperialism. In 1910, there appeared in Vienna the work of the Austrian Marxist, Rudolf Hilferding, *Finance Capital* (Russian edition, Moscow, 1912). In spite of the mistake the author makes on the theory of money, and in spite of a certain inclination on his part to reconcile Marxism with opportunism, this work gives a very valuable theoretical analysis of "the latest phase of capitalist development", as the subtitle runs. Indeed, what has been said of imperialism during the last few years, especially in an enormous number of magazine and newspaper articles, and also in the resolutions, for example, of the Chemnitz<sup>364</sup> and Basle congresses which took place in the autumn of 1912, has scarcely gone beyond the ideas expounded, or more exactly, summed up by the two writers mentioned above. . . .

Later on, I shall try to show briefly, and as simply as possible, the connection and relationships between the *principal* economic features of imperialism. I shall not be able to deal with the non-economic aspects of the question, however much they deserve to be dealt with. References to literature and other notes which, perhaps, would not interest all readers, are to be found at the end of this pamphlet.<sup>365</sup>

## I. CONCENTRATION OF PRODUCTION AND MONOPOLIES

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

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

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

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

In another advanced country of modern capitalism, the United States of America, the growth of the concentration of production is still greater. Here statistics single out industry in the narrow sense of the word and classify enterprises according to the value

\* Figures taken from *Annalen des deutschen Reichs*, 1911, Zahn.

of their annual output. In 1904 large-scale enterprises with an output valued at one million dollars and over numbered 1,900 (out of 216,180, i.e., 0.9 per cent). These employed 1,400,000 workers (out of 5,500,000, i.e., 25.6 per cent) and the value of their output amounted to \$5,600,000,000 (out of \$14,800,000,000, i.e., 38 per cent). Five years later, in 1909, the corresponding figures were: 3,060 enterprises (out of 268,491, i.e., 1.1 per cent) employing 2,000,000 workers (out of 6,600,000, i.e., 30.5 per cent) with an output valued at \$9,000,000,000 (out of \$20,700,000,000, i.e., 43.3 per cent).\*

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

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

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

"Combination," writes Hilferding, "levels out the fluctuations of trade and therefore assures to the combined enterprises a more stable rate of profit. Secondly, combination has the effect of eliminating trade. Thirdly, it has the effect of rendering possible technical improvements, and, consequently, the acquisition of superprofits over and above those obtained by the 'pure' [i.e., non-combined] enterprises. Fourthly, it strengthens the position of the combined enterprises relative to the 'pure' enterprises,

\* *Statistical Abstract of the United States 1912*, p. 202.

strengthens them in the competitive struggle in periods of serious depression, when the fall in prices of raw materials does not keep pace with the fall in prices of manufactured goods.”\*

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

Such is the conclusion which a bourgeois economist who, by way of exception, is conscientious, had to arrive at. It must be noted that he seems to place Germany in a special category because her industries are protected by higher tariffs. But this is a circumstance which only accelerates concentration and the formation of monopolist manufacturers’ associations, cartels, syndicates, etc. It is extremely important to note that in free-trade Britain, concentration *also* leads to monopoly, although somewhat later and perhaps in another form. Professor Hermann Levy, in his special work of research entitled *Monopolies, Cartels and Trusts*, based on data on British economic development, writes as follows:

“In Great Britain it is the size of the enterprise and its high technical level which harbour a monopolist tendency. This, for one thing, is due to the great investment of capital per enterprise, which gives rise to increasing demands for new capital for the new

\* *Finance Capital*, Russ. ed., pp. 286-87.

\*\* Hans Gideon Heymann, *Die gemischten Werke im deutschen Grosseisen-gewerbe*, Stuttgart, 1904, S. 256, 278.

enterprises and thereby renders their launching more difficult. Moreover (and this seems to us to be the more important point), every new enterprise that wants to keep pace with the gigantic enterprises that have been formed by concentration would here produce such an enormous quantity of surplus goods that it could dispose of them only by being able to sell them profitably as a result of an enormous increase in demand; otherwise, this surplus would force prices down to a level that would be unprofitable both for the new enterprise and for the monopoly combines.” Britain differs from other countries where protective tariffs facilitate the formation of cartels in that monopolist manufacturers’ associations, cartels and trusts arise in the majority of cases only when the number of the chief competing enterprises has been reduced to “a couple of dozen or so”. “Here the influence of concentration on the formation of large industrial monopolies in a whole sphere of industry stands out with crystal clarity.”\*

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

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

“Isolated examples of capitalist monopoly could be cited from the period preceding 1860; in these could be discerned the embryo of the forms that are so common today; but all this undoubtedly represents the prehistory of the cartels. The real beginning of modern monopoly goes back, at the earliest, to the sixties. The

\* Hermann Levy, *Monopole, Kartelle und Trusts*, Jena, 1909, S. 286, 290, 298.

first important period of development of monopoly commenced with the international industrial depression of the seventies and lasted until the beginning of the nineties." "If we examine the question on a European scale, we will find that the development of free competition reached its apex in the sixties and seventies. It was then that Britain completed the construction of her old-style capitalist organisation. In Germany, this organisation had entered into a fierce struggle with handicraft and domestic industry, and had begun to create for itself its own forms of existence."

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

"The cartel movement entered its second epoch: instead of being a transitory phenomenon, the cartels have become one of the foundations of economic life. They are winning one field of industry after another, primarily, the raw materials industry. At the beginning of the nineties the cartel system had already acquired—in the organisation of the coke syndicate on the model of which the coal syndicate was later formed—a cartel technique which has hardly been improved on. For the first time the great boom at the close of the nineteenth century and the crisis of 1900-03 occurred entirely—in the mining and iron industries at least—under the aegis of the cartels. And while at that time it appeared to be something novel, now the general public takes it for granted that large spheres of economic life have been, as a general rule, removed from the realm of free competition."\*

Thus, the principal stages in the history of monopolies are the following: (1) 1860-70, the highest stage, the apex of development of free competition; monopoly is in the barely discernible, embryonic stage. (2) After the crisis of 1873, a lengthy period

\* Th. Vogelstein, "Die finanzielle Organisation der kapitalistischen Industrie und die Monopolbildungen" in *Grundriss der Sozialökonomik*, VI. Abt., Tübingen, 1914. Cf., also by the same author: *Organisationsformen der Eisenindustrie und Textilindustrie in England und Amerika*, Bd. I, Lpz., 1910.

of development of cartels; but they are still the exception. They are not yet durable. They are still a transitory phenomenon. (3) The boom at the end of the nineteenth century and the crisis of 1900-03. Cartels become one of the foundations of the whole of economic life. Capitalism has been transformed into imperialism.

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

The number of cartels in Germany was estimated at about 250 in 1896 and at 385 in 1905, with about 12,000 firms participating.\* But it is generally recognised that these figures are underestimations. From the statistics of German industry for 1907 we quoted above, it is evident that even these 12,000 very big enterprises probably consume more than half the steam and electric power used in the country. In the United States of America, the number of trusts in 1900 was estimated at 185 and in 1907, 250. American statistics divide all industrial enterprises into those belonging to individuals, to private firms or to corporations. The latter in 1904 comprised 23.6 per cent, and in 1909, 25.9 per cent, i.e., more than one-fourth of the total industrial enterprises in the country. These employed in 1904, 70.6 per cent, and in 1909, 75.6 per cent, i.e., more than three-fourths of the total wage-earners. Their output at these two dates was valued at \$10,900,000,000 and \$16,300,000,000, i.e., 73.7 per cent and 79.0 per cent of the total, respectively.

At times cartels and trusts concentrate in their hands seven- or eight-tenths of the total output of a given branch of industry. The Rhine-Westphalian Coal Syndicate, at its foundation in 1893, concentrated 86.7 per cent of the total coal output of the area, and in 1910 it already concentrated 95.4 per cent.\*\* The monopoly so created assures enormous profits, and leads to the formation of technical production units of formidable magnitude. The famous Standard Oil Company in the United States was founded in 1900: "It has an authorised capital of \$150,000,000. It issued \$100,000,000 common and \$106,000,000 preferred stock. From 1900 to 1907 the following dividends were paid on the latter: 48, 48, 45, 44, 36, 40, 40, 40 per cent in the respective years, i.e., in all, \$367,000,000. From 1882 to 1907, out of total

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

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



net profits amounting to \$889,000,000, \$606,000,000 were distributed in dividends, and the rest went to reserve capital.”\* “In 1907 the various works of the United States Steel Corporation employed no less than 210,180 people. The largest enterprise in the German mining industry, Gelsenkirchener Bergwerksgesellschaft, in 1908 had a staff of 46,048 workers and office employees.”\*\* In 1902, the United States Steel Corporation already produced 9,000,000 tons of steel.\*\*\* Its output constituted in 1901, 66.3 per cent, and in 1908, 56.1 per cent of the total output of steel in the United States.\*\*\*\* The output of ore was 43.9 per cent and 46.3 per cent, respectively.

The report of the American Government Commission on Trusts states: “Their superiority over competitors is due to the magnitude of their enterprises and their excellent technical equipment. Since its inception, the Tobacco Trust has devoted all its efforts to the universal substitution of mechanical for manual labour. With this end in view it has bought up all patents that have anything to do with the manufacture of tobacco and has spent enormous sums for this purpose. Many of these patents at first proved to be of no use, and had to be modified by the engineers employed by the trust. At the end of 1906, two subsidiary companies were formed solely to acquire patents. With the same object in view, the trust has built its own foundries, machine shops and repair shops. One of these establishments, that in Brooklyn, employs on the average 300 workers; here experiments are carried out on inventions concerning the manufacture of cigarettes, cheroots, snuff, tinfoil for packing, boxes, etc. Here, also, inventions are perfected.”\*\*\*\*\* “Other trusts also employ what are called development engineers whose business it is to devise new methods of production and to test technical improvements. The United States Steel Corporation grants big bonuses to its workers and engineers for all inventions that raise technical efficiency, or reduce cost of production.”\*)

In German large-scale industry, e.g., in the chemical industry, which has developed so enormously during these last few decades, the promotion of technical improvement is organised in the same

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

\*\* *Ibid.*, S. 218.

\*\*\* Dr. S. Tschierschky, *Kartell und Trust*, Göttingen, 1903, S. 13.

\*\*\*\* Th. Vogelstein, *Organisationsformen*, S. 275.

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

\*) Dr. P. Tafel, *ibid.*, S. 49.

way. By 1908 the process of concentration of production had already given rise to two main “groups” which, in their way, were also in the nature of monopolies. At first these groups constituted “dual alliances” of two pairs of big factories, each having a capital of from twenty to twenty-one million marks—on the one hand, the former Meister Factory in Höchst and the Casella Factory in Frankfurt am Main; and on the other hand, the aniline and soda factory at Ludwigshafen and the former Bayer Factory at Elberfeld. Then, in 1905, one of these groups, and in 1908 the other group, each concluded an agreement with yet another big factory. The result was the formation of two “triple alliances”, each with a capital of from forty to fifty million marks. And these “alliances” have already begun to “approach” each other, to reach “an understanding” about prices, etc.\*

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

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

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

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

The German economist, Kestner, has written a book especially devoted to "the struggle between the cartels and outsiders", i.e., the capitalists outside the cartels. He entitled his work *Compulsory Organisation*, although, in order to present capitalism in its true light, he should, of course, have written about compulsory submission to monopolist associations. It is instructive to glance at least at the list of the methods the monopolist associations resort to in the present-day, the latest, the civilised struggle for "organisation": (1) stopping supplies of raw materials (... "one of the most important methods of compelling adherence to the cartel"); (2) stopping the supply of labour by means of "alliances" (i.e., of agreements between the capitalists and the trade unions by which the latter permit their members to work only in cartelised enterprises); (3) stopping deliveries; (4) closing trade outlets; (5) agreements with the buyers, by which the latter undertake to trade only with the cartels; (6) systematic price cutting (to ruin "outside" firms, i.e., those which refuse to submit to the monopolists. Millions are spent in order to sell goods for a certain time below their cost price; there were instances when the price of petrol was thus reduced from 40 to 22 marks, i.e., almost by half!); (7) stopping credits; (8) boycott.

Here we no longer have competition between small and large, between technically developed and backward enterprises. We see here the monopolists throttling those who do not submit to them, to their yoke, to their dictation. This is how this process is reflected in the mind of a bourgeois economist:

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

Translated into ordinary human language this means that the development of capitalism has arrived at a stage when, although commodity production still "reigns" and continues to be regarded as the basis of economic life, it has in reality been undermined and the bulk of the profits go to the "geniuses" of financial manipulation. At the basis of these manipulations and swindles lies socialised production; but the immense progress of mankind, with achieved this socialisation, goes to benefit... the speculators. We shall see later how "on these

grounds" reactionary, petty-bourgeois critics of capitalist imperialism dream of going *back* to "free", "peaceful", and "honest" competition.

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

The words which I have italicised reveal the essence of the case which the bourgeois economists admit so reluctantly and so rarely, and which the present-day defenders of opportunism, led by Kautsky, so zealously try to evade and brush aside. Domination, and the violence that is associated with it, such are the relationships that are typical of the "latest phase of capitalist development"; this is what inevitably had to result, and has resulted, from the formation of all-powerful economic monopolies.

I shall give one more example of the methods employed by the cartels. Where it is possible to capture all or the chief sources of raw materials, the rise of cartels and formation of monopolies is particularly easy. It would be wrong, however, to assume that monopolies do not arise in other industries in which it is impossible to corner the sources of raw materials. The cement industry, for instance, can find its raw materials everywhere. Yet in Germany this industry too is strongly cartelised. The cement manufacturers have formed regional syndicates: South German, Rhine-Westphalian, etc. The prices fixed are monopoly prices: 230 to 280 marks a car-load, when the cost price is 180 marks! The enterprises pay a dividend of from 12 to 16 per cent—and it must not be forgotten that the "geniuses" of modern speculation know how to pocket big profits besides what they draw in dividends. In order to prevent competition in such a profitable industry, the monopolists even resort to various stratagems: they spread false rumours about the bad situation in their industry; anonymous warnings are published in the newspapers, like the following: "Capitalists, don't invest your capital in the cement industry!";

\* Kestner, op. cit., S. 254.

lastly, they buy up "outsiders" (those outside the syndicates) and pay them compensation of 60,000, 80,000 and even 150,000 marks.\* Monopoly hews a path for itself everywhere without scruple as to the means, from paying a "modest" sum to buy off competitors, to the American device of employing dynamite against them.

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

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

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

\* L. Eschwege, "Zement" in *Die Bank*, 1909, 1, S. 115 et seq.

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

\*\*\* Liefmann, *Beteiligungs- und Finanzierungsgesellschaften*, S. 434.

\*\*\*\* *Ibid.*, S. 465-66.

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

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

## II. BANKS AND THEIR NEW ROLE

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

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

\* Jeidels, *op. cit.*, S. 108.

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

Great Britain . . . . .	142	} 479	Holland . . . . .	12.5
United States . . . . .	132		Belgium . . . . .	7.5
France . . . . .	110		Spain . . . . .	7.5
Germany . . . . .	95		Switzerland . . . . .	6.25
Russia . . . . .	31		Denmark . . . . .	3.75
Austria-Hungary . . . . .	24	Sweden, Norway, Rumania, etc. . . . .	2.5	
Italy . . . . .	14			
Japan . . . . .	12			
		<i>Total</i> . . . . .	600	

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

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

#### IV. EXPORT OF CAPITAL

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

Capitalism is commodity production at its highest stage of development, when labour-power itself becomes a commodity. The growth of internal exchange, and, particularly, of international exchange, is a characteristic feature of capitalism. The uneven and spasmodic development of individual enterprises, individual branches of industry and individual countries is inevitable under

the capitalist system. England became a capitalist country before any other, and by the middle of the nineteenth century, having adopted free trade, claimed to be the "workshop of the world", the supplier of manufactured goods to all countries, which in exchange were to keep her provided with raw materials. But in the last quarter of the nineteenth century, *this* monopoly was already undermined; for other countries, sheltering themselves with "protective" tariffs, developed into independent capitalist states. On the threshold of the twentieth century we see the formation of a new type of monopoly: firstly, monopolist associations of capitalists in all capitalistically developed countries; secondly, the monopolist position of a few very rich countries, in which the accumulation of capital has reached gigantic proportions. An enormous "surplus of capital" has arisen in the advanced countries.

It goes without saying that if capitalism could develop agriculture, which today is everywhere lagging terribly behind industry, if it could raise the living standards of the masses, who in spite of the amazing technical progress are everywhere still half-starved and poverty-stricken, there could be no question of a surplus of capital. This "argument" is very often advanced by the petty-bourgeois critics of capitalism. But if capitalism did these things it would not be capitalism; for both uneven development and a semi-starvation level of existence of the masses are fundamental and inevitable conditions and constitute premises of this mode of production. As long as capitalism remains what it is, surplus capital will be utilised not for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists, but for the purpose of increasing profits by exporting capital abroad to the backward countries. In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap. The export of capital is made possible by a number of backward countries having already been drawn into world capitalist intercourse; main railways have either been or are being built in those countries, elementary conditions for industrial development have been created, etc. The need to export capital arises from the fact that in a few countries capitalism has become "overripe" and (owing to the backward state of agriculture and the poverty of the masses) capital cannot find a field for "profitable" investment.

Here are approximate figures showing the amount of capital invested abroad by the three principal countries\*:

\* Hobson, *Imperialism*, London, 1902, p. 58; Riesser, op. cit., S. 395 und 404; P. Arndt in *Weltwirtschaftliches Archiv*, Bd. 7, 1916, S. 35; Neymarck in *Bulletin*; Hilferding, *Finance Capital*, p. 492; Lloyd George, Speech in the House of Commons, May 4, 1915, reported in the *Daily Telegraph*, May 5,

## CAPITAL INVESTED ABROAD

(000,000,000 francs)

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

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

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

DISTRIBUTION (APPROXIMATE) OF FOREIGN  
CAPITAL IN DIFFERENT PARTS OF THE GLOBE  
(circa 1910)

	Great Britain	France (000,000,000 marks)	Germany	Total
Europe . . . . .	4	23	18	45
America . . . . .	37	4	10	51
Asia, Africa and Australia	29	8	7	44
<i>Total</i> . . . . .	70	35	35	140

The principal spheres of investment of British capital are the British colonies, which are very large also in America (for example, Canada), not to mention Asia, etc. In this case, enormous exports of capital are bound up most closely with vast

1915; B. Harms, *Probleme der Weltwirtschaft*, Jena, 1912, S. 235 et seq.; Dr. Siegmund Schilder, *Entwicklungstendenzen der Weltwirtschaft*, Berlin, 1912, Band 1, S. 150; George Paish, "Great Britain's Capital Investments, etc.", in *Journal of the Royal Statistical Society*, Vol. LXXIV, 1910-11, p. 167 et seq.; Georges Diouritch, *L'Expansion des banques allemandes à l'étranger, ses rapports avec le développement économique de l'Allemagne*, Paris, 1909, p. 84.

colonies, of the importance of which for imperialism I shall speak later. In the case of France the situation is different. French capital exports are invested mainly in Europe, primarily in Russia (at least ten thousand million francs). This is mainly *loan* capital, government loans, and not capital invested in industrial undertakings. Unlike British colonial imperialism, French imperialism might be termed usury imperialism. In the case of Germany, we have a third type; colonies are inconsiderable, and German capital invested abroad is divided most evenly between Europe and America.

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

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

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

Finance capital has created the epoch of monopolies, and monopolies introduce everywhere monopolist principles: the utilisation of "connections" for profitable transactions takes the place of competition on the open market. The most usual thing is to stipulate that part of the loan granted shall be spent on purchases in the creditor country, particularly on orders for war materials, or for ships, etc. In the course of the last two decades (1890-1910), France has very often resorted to this method. The export of capital thus becomes a means of encouraging the export of commodities. In this connection, transactions between par-

\* *Die Bank*, 1913, 2, S. 1024-25.

ticularly big firms assume a form which, as Schilder\* "mildly" puts it, "borders on corruption". Krupp in Germany, Schneider in France, Armstrong in Britain are instances of firms which have close connections with powerful banks and governments and which cannot easily be "ignored" when a loan is being arranged.

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

A report from the Austro-Hungarian Consul at San-Paulo (Brazil) states: "The Brazilian railways are being built chiefly by French, Belgian, British and German capital. In the financial operations connected with the construction of these railways the countries involved stipulate for orders for the necessary railway materials."

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

\* Schilder, op. cit., S. 346, 350, 371.

\*\* Riesser, op. cit., 4th ed., S. 375; Diouritch, p. 283.

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

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

## V. DIVISION OF THE WORLD AMONG CAPITALIST ASSOCIATIONS

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

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

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

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

\* Jeidels, op. cit., S. 232.

## GROUPS IN THE ELECTRICAL INDUSTRY

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

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

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

## General Electric Company

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

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

	Turnover (000,000 marks)	Number of employees	Net profits (000,000 marks)
America: General Electric Co. (G.E.C.) . . . . . 1907	252	28,000	35.4
. . . . . 1910	298	32,000	45.6
Germany: General Electric Co. (A.E.G.) . . . . . 1907	216	30,700	14.5
. . . . . 1911	362	60,800	21.7

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

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

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

"The world oil market," wrote Jeidels in 1905, "is even today still divided between two great financial groups—Rockefeller's American Standard Oil Co., and Rothschild and Nobel, the controlling interests of the Russian oilfields in Baku. The two groups are closely connected. But for several years five enemies have been threatening their monopoly": (1) the exhaustion of the American oilfields; (2) the competition of the firm of Mantashev of Baku; (3) the Austrian oilfields; (4) the Rumanian oilfields; (5) the overseas oilfields, particularly in the Dutch colonies (the extremely rich firms, Samuel, and Shell, also connected with British capital). The three last groups are connected with the big German banks, headed by the huge Deutsche Bank. These

\* Riesser, op. cit.; Diouritch, op. cit., p. 239; Kurt Heinig, op. cit.

\*\* Jeidels, op. cit., S. 192-93.

banks independently and systematically developed the oil industry in Rumania, for example, in order to have a foothold of their "own". In 1907, the foreign capital invested in the Rumanian oil industry was estimated at 185 million francs, of which 74 million was German capital.\*

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

Then the "comedy of oil" began. One of the German finance kings, von Gwinner, a director of the Deutsche Bank, through his private secretary, Stauss, launched a campaign for a state oil monopoly. The gigantic machine of the huge German bank and all its wide "connections" were set in motion. The press bubbled over with "patriotic" indignation against the "yoke" of the American trust, and, on March 15, 1911, the Reichstag, by an almost unanimous vote, adopted a motion asking the government to introduce a bill for the establishment of an oil monopoly. The government seized upon this "popular" idea, and the game of the Deutsche Bank, which hoped to cheat its American counterpart and improve its business by a state monopoly, appeared to have been won. The German oil magnates already saw visions of enormous profits, which would not be less than those of the Russian sugar refiners. . . . But, firstly, the big German banks quarrelled among themselves over the division of the spoils. The Disconto-Gesellschaft exposed the covetous aims of the Deutsche Bank; secondly, the government took fright at the prospect of a struggle with Rockefeller, for it was very doubtful whether Germany could be sure of obtaining oil from other sources (the Rumanian output was small); thirdly, just at that time the 1913

\* Diouritch, op. cit., pp. 245-46.

credits of a thousand million marks were voted for Germany's war preparations. The oil monopoly project was postponed. The Rockefeller "oil trust" came out of the struggle, for the time being, victorious.

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

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

In merchant shipping, the tremendous development of concentration has ended also in the division of the world. In Germany two powerful companies have come to the fore: the Hamburg-Amerika and the Norddeutscher Lloyd, each having a capital of 200 million marks (in stocks and bonds) and possessing shipping tonnage to the value of 185 to 189 million marks. On the other hand, in America, on January 1, 1903, the International Mercantile Marine Co., known as the Morgan trust, was formed; it united nine American and British steamship companies, and possessed a capital of 120 million dollars (480 million marks). As early as 1903, the German giants and this American-British

\* *Die Bank*, 1912, 1, S. 1036; 1912, 2, S. 629; 1913, 1, S. 388.



trust concluded an agreement to divide the world with a consequent division of profits. The German companies undertook not to compete in the Anglo-American traffic. Which ports were to be "allotted" to each was precisely stipulated; a joint committee of control was set up, etc. This agreement was concluded for twenty years, with the prudent provision for its annulment in the event of war.\*

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

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

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

\* Riesser, op. cit., S. 125.

\*\* Vogelstein, *Organisationsformen*, S. 100.

\*\*\* Liefmann, *Kartelle und Trusts*, 2. A., S. 161.

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

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

The epoch of the latest stage of capitalism shows us that certain relations between capitalist associations grow up, *based* on the economic division of the world; while parallel to and in connection with it, certain relations grow up between political al-

liances, between states, on the basis of the territorial division of the world, of the struggle for colonies, of the "struggle for spheres of influence".

## VI. DIVISION OF THE WORLD AMONG THE GREAT POWERS

In his book, on "the territorial development of the European colonies", A. Supan,\* the geographer, gives the following brief summary of this development at the end of the nineteenth century:

PERCENTAGE OF TERRITORY BELONGING TO THE EUROPEAN  
COLONIAL POWERS  
(Including the United States)

	1876	1900	Increase or decrease
Africa . . . . .	10.8	90.4	+ 79.6
Polynesia . . . . .	56.8	98.9	+ 42.1
Asia . . . . .	51.5	56.6	+ 5.1
Australia . . . . .	100.0	100.0	—
America . . . . .	27.5	27.2	— 0.3

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

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

\* A. Supan, *Die territoriale Entwicklung der europäischen Kolonien*, 1906, S. 254.

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

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

COLONIAL POSSESSIONS

Year	Great Britain		France		Germany	
	Area (000,000 sq. m.)	Pop. (000,000)	Area (000,000 sq. m.)	Pop. (000,000)	Area (000,000 sq. m.)	Pop. (000,000)
1815—30 . . . . .	?	126.4	0.02	0.5	—	—
1860 . . . . .	2.5	145.1	0.2	3.4	—	—
1880 . . . . .	7.7	267.9	0.7	7.5	—	—
1899 . . . . .	9.3	309.0	3.7	56.4	1.0	14.7

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

Hobson, in his work on imperialism, marks the years 1884—1900 as the epoch of intensified "expansion" of the chief European states. According to his estimate, Great Britain during these years acquired 3,700,000 square miles of territory with 57,000,000 inhabitants; France, 3,600,000 square miles with 36,500,000; Ger-

\* Henry C. Morris, *The History of Colonization*, New York, 1900, Vol. II, p. 88; Vol. I, p. 419; Vol. II, p. 304.

many, 1,000,000 square miles with 14,700,000; Belgium, 900,000 square miles with 30,000,000; Portugal, 800,000 square miles with 9,000,000 inhabitants. The scramble for colonies by all the capitalist states at the end of the nineteenth century and particularly since the 1880s is a commonly known fact in the history of diplomacy and of foreign policy.

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

It is not without interest to observe that even then these leading British bourgeois politicians saw the connection between what might be called the purely economic and the socio-political roots of modern imperialism. Chamberlain advocated imperialism as a "true, wise and economical policy", and pointed particularly to the German, American and Belgian competition which Great Britain was encountering in the world market. Salvation lies in monopoly, said the capitalists as they formed cartels, syndicates and trusts. Salvation lies in monopoly, echoed the political leaders of the bourgeoisie, hastening to appropriate the parts of the world not yet shared out. And Cecil Rhodes, we are informed by his intimate friend, the journalist Stead, expressed his imperialist views to him in 1895 in the following terms: "I was in the East End of London [a working-class quarter] yesterday and attended a meeting of the unemployed. I listened to the wild speeches, which were just a cry for 'bread! bread!' and on my way home I pondered over the scene and I became more than ever convinced of the importance of imperialism. . . . My cherished idea is a solution for the social problem, i.e., in order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands to settle the surplus population, to provide new markets for the goods produced in the factories and mines. The Empire, as I have always said, is a bread and butter question. If you want to avoid civil war, you must become imperialists."\*\*

That was said in 1895 by Cecil Rhodes, millionaire, a king of finance, the man who was mainly responsible for the Anglo-Boer

\* *Die Neue Zeit*, XVI, I, 1898, S. 302.

\*\* *Ibid.*, S. 304.

War. True, his defence of imperialism is crude and cynical, but in substance it does not differ from the "theory" advocated by Messrs. Maslov, Südekum, Potresov, David, the founder of Russian Marxism and others. Cecil Rhodes was a somewhat more honest social-chauvinist. . . .

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

We thus get the following result:

COLONIAL POSSESSIONS OF THE GREAT POWERS  
(000,000 square kilometres and 000,000 inhabitants)

	Colonies				Metropolitan countries		Total	
	1876		1914		1914		1914	
	Area	Pop.	Area	Pop.	Area	Pop.	Area	Pop.
Great Britain . . . . .	22.5	251.9	33.5	393.5	0.3	46.5	33.8	440.0
Russia . . . . .	17.0	15.9	17.4	33.2	5.4	136.2	22.8	169.4
France . . . . .	0.9	6.0	10.6	55.5	0.5	39.6	11.1	95.1
Germany . . . . .	—	—	2.9	12.3	0.5	64.9	3.4	77.2
United States . . . . .	—	—	0.3	9.7	9.4	97.0	9.7	106.7
Japan . . . . .	—	—	0.3	19.2	0.4	53.0	0.7	72.2
<i>Total for 6 Great Powers . . . . .</i>	<i>40.4</i>	<i>273.8</i>	<i>65.0</i>	<i>523.4</i>	<i>16.5</i>	<i>437.2</i>	<i>81.5</i>	<i>960.6</i>
Colonies of other powers (Belgium, Holland, etc.) . . . . .					9.9			45.3
Semi-colonial countries (Persia, China, Turkey) . . . . .						14.5		361.2
Other countries . . . . .						28.0		289.9
<i>Total for the world . . . . .</i>							<i>133.9</i>	<i>1,657.0</i>

We clearly see from these figures how "complete" was the partition of the world at the turn of the twentieth century. After 1876 colonial possessions increased to enormous dimensions, by more than fifty per cent, from 40,000,000 to 65,000,000 square kilometres for the six biggest powers; the increase amounts to 25,000,000 square kilometres, fifty per cent more than the area of the metropolitan countries (16,500,000 square kilometres). In 1876 three powers had no colonies, and a fourth, France, had scarcely any. By 1914 these four powers had acquired colonies with an area of 14,100,000 square kilometres, i.e., about half as much again as the area of Europe, with a population of nearly 100,000,000. The unevenness in the rate of expansion of colonial possessions is very great. If, for instance, we compare France, Germany and Japan, which do not differ very much in area and population, we see that the first has acquired almost three times as much colonial territory as the other two combined. In regard to finance capital, France, at the beginning of the period we are considering, was also, perhaps, several times richer than Germany and Japan put together. In addition to, and on the basis of, purely economic conditions, geographical and other conditions also affect the dimensions of colonial possessions. However strong the process of levelling the world, of levelling the economic and living conditions in different countries, may have been in the past decades as a result of the pressure of large-scale industry, exchange and finance capital, considerable differences still remain; and among the six countries mentioned we see, firstly, young capitalist countries (America, Germany, Japan) whose progress has been extraordinarily rapid; secondly, countries with an old capitalist development (France and Great Britain), whose progress lately has been much slower than that of the previously mentioned countries, and thirdly, a country most backward economically (Russia), where modern capitalist imperialism is enmeshed, so to speak, in a particularly close network of pre-capitalist relations.

Alongside the colonial possessions of the Great Powers, we have placed the small colonies of the small states, which are, so to speak, the next objects of a possible and probable "redivision" of colonies. These small states mostly retain their colonies only because the big powers are torn by conflicting interests, friction, etc., which prevent them from coming to an agreement on the division of the spoils. As to the "semi-colonial" states, they provide an example of the transitional forms which are to be found in all spheres of nature and society. Finance capital is such a great, such a decisive, you might say, force in all economic and in all international relations, that it is capable of subjecting, and actually does subject, to itself even states enjoying the fullest political independence; we shall shortly see examples of this. Of course, finance

capital finds most "convenient", and derives the greatest profit from, a *form* of subjection which involves the loss of the political independence of the subjected countries and peoples. In this respect, the semi-colonial countries provide a typical example of the "middle stage". It is natural that the struggle for these semi-dependent countries should have become particularly bitter in the epoch of finance capital, when the rest of the world has already been divided up.

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

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

"It may be asserted," writes Schilder, "although it may sound paradoxical to some, that in the more or less foreseeable future the growth of the urban and industrial population is more likely to be hindered by a shortage of raw materials for industry than by a shortage of food." For example, there is a growing shortage of timber—the price of which is steadily rising—of leather, and of raw materials for the textile industry. "Associations of manufacturers are making efforts to create an equilibrium between agriculture and industry in the whole of world economy; as an example of this we might mention the International Federation

\* C. P. Lucas, *Greater Rome and Greater Britain*, Oxford, 1912, or the Earl of Cromer's *Ancient and Modern Imperialism*, London, 1910.

of Cotton Spinners' Associations in several of the most important industrial countries, founded in 1904, and the European Federation of Flax Spinners' Associations, founded on the same model in 1910."\*

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

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

The British capitalists are exerting every effort to develop cotton growing in *their* colony, Egypt (in 1904, out of 2,300,000 hectares of land under cultivation, 600,000, or more than one-fourth, were under cotton); the Russians are doing the same in

\* Schilder, op. cit., S. 38-42.

*their* colony, Turkestan, because in this way they will be in a better position to defeat their foreign competitors, to monopolise the sources of raw materials and form a more economical and profitable textile trust in which *all* the processes of cotton production and manufacturing will be "combined" and concentrated in the hands of one set of owners.

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

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

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

"South America, and especially Argentina," writes Schulze-Gaevernitz in his work on British imperialism, "is so dependent financially on London that it ought to be described as almost

\* See p. 692 of the present volume.—Ed.

\*\* Wahl, *La France aux colonies* quoted by Henri Russier, *Le Partage de l'Océanie*, Paris, 1905, p. 165.

a British commercial colony.”\* Basing himself on the reports of the Austro-Hungarian Consul at Buenos Aires for 1909, Schilder estimated the amount of British capital invested in Argentina at 8,750 million francs. It is not difficult to imagine what strong connections British finance capital (and its faithful “friend”, diplomacy) thereby acquires with the Argentine bourgeoisie, with the circles that control the whole of that country’s economic and political life.

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

In order to finish with the question of the division of the world, I must make the following additional observation. This question was raised quite openly and definitely not only in American literature after the Spanish-American War, and in English literature after the Anglo-Boer War, at the very end of the nineteenth century and the beginning of the twentieth; not only has German literature, which has “most jealously” watched “British imperialism”, systematically given its appraisal of this fact. This question has also been raised in French bourgeois literature as definitely and broadly as is thinkable from the bourgeois point of view. Let me quote Driault, the historian, who, in his book, *Political and Social Problems at the End of the Nineteenth Century*, in the chapter “The Great Powers and the Division of the World”, wrote the following: “During the past few years, all the free territory of the globe, with the exception of China, has been occupied by the powers of Europe and North America. This has already brought about several conflicts and shifts of

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

\*\* Schilder, op. cit., Vol. I, S. 160-61.

spheres of influence, and these foreshadow more terrible upheavals in the near future. For it is necessary to make haste. The nations which have not yet made provision for themselves run the risk of never receiving their share and never participating in the tremendous exploitation of the globe which will be one of the most essential features of the next century [i.e., the twentieth]. That is why all Europe and America have lately been afflicted with the fever of colonial expansion, of ‘imperialism’, that most noteworthy feature of the end of the nineteenth century.” And the author added: “In this partition of the world, in this furious hunt for the treasures and the big markets of the globe, the relative strength of the empires founded in this nineteenth century is totally out of proportion to the place occupied in Europe by the nations which founded them. The dominant powers in Europe, the arbiters of her destiny, are *not* equally preponderant in the whole world. And, as colonial might, the hope of controlling as yet unassessed wealth, will evidently react upon the relative strength of the European powers, the colonial question—‘imperialism’, if you will—which has already modified the political conditions of Europe itself, will modify them more and more.”\*

## VII. IMPERIALISM, AS A SPECIAL STAGE OF CAPITALISM

We must now try to sum up, to draw together the threads of what has been said above on the subject of imperialism. Imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general. But capitalism only became capitalist imperialism at a definite and very high stage of its development, when certain of its fundamental characteristics began to change into their opposites, when the features of the epoch of transition from capitalism to a higher social and economic system had taken shape and revealed themselves in all spheres. Economically, the main thing in this process is the displacement of capitalist free competition by capitalist monopoly. Free competition is the basic feature of capitalism, and of commodity production generally; monopoly is the exact opposite of free competition, but we have seen the latter being transformed into monopoly before our eyes, creating large-scale industry and forcing out small industry, replacing large-scale by still larger-scale industry, and carrying concentration of production and capital to the point where out of it has grown and is growing monopoly: cartels, syndicates and trusts, and merging

\* J.-E. Driault, *Problèmes politiques et sociaux*, Paris, 1900, p. 299.

with them, the capital of a dozen or so banks, which manipulate thousands of millions. At the same time the monopolies, which have grown out of free competition, do not eliminate the latter, but exist above it and alongside it, and thereby give rise to a number of very acute, intense antagonisms, frictions and conflicts. Monopoly is the transition from capitalism to a higher system.

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

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

(1) the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life; (2) the merging of bank capital with industrial capital, and the creation, on the basis of this "finance capital", of a financial oligarchy; (3) the export of capital as distinguished from the export of commodities acquires exceptional importance; (4) the formation of international monopolist capitalist associations which share the world among themselves, and (5) the territorial division of the whole world among the biggest capitalist powers is completed. Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed.

We shall see later that imperialism can and must be defined differently if we bear in mind not only the basic, purely economic concepts—to which the above definition is limited—but also the historical place of this stage of capitalism in relation to capitalism in general, or the relation between imperialism and the

two main trends in the working-class movement. The thing to be noted at this point is that imperialism, as interpreted above, undoubtedly represents a special stage in the development of capitalism. To enable the reader to obtain the most well-grounded idea of imperialism, I deliberately tried to quote as extensively as possible *bourgeois* economists who have to admit the particularly incontrovertible facts concerning the latest stage of capitalist economy. With the same object in view, I have quoted detailed statistics which enable one to see to what degree bank capital, etc., has grown, in what precisely the transformation of quantity into quality, of developed capitalism into imperialism, was expressed. Needless to say, of course, all boundaries in nature and in society are conventional and changeable, and it would be absurd to argue, for example, about the particular year or decade in which imperialism "definitely" became established.

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

Kautsky's definition is as follows:

"Imperialism is a product of highly developed industrial capitalism. It consists in the striving of every industrial capitalist nation to bring under its control or to annex all large areas of *agrarian* [Kautsky's italics] territory, irrespective of what nations inhabit it."<sup>\*</sup>

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

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

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

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

"The new imperialism differs from the older, first, in substituting for the ambition of a single growing empire the theory and the practice of competing empires, each motivated by similar lusts of political aggrandisement and commercial gain; secondly, in the dominance of financial or investing over mercantile interests."<sup>\*</sup>

We see that Kautsky is absolutely wrong in referring to English writers generally (unless he meant the vulgar English impe-

rialists, or the avowed apologists for imperialism). We see that Kautsky, while claiming that he continues to advocate Marxism, as a matter of fact takes a step backward compared with the *social-liberal* Hobson, who *more correctly* takes into account two "historically concrete" (Kautsky's definition is a mockery of historical concreteness!) features of modern imperialism: (1) the competition between *several* imperialisms, and (2) the predominance of the financier over the merchant. If it is chiefly a question of the annexation of agrarian countries by industrial countries, then the role of the merchant is put in the forefront.

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

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

\* Hobson, *Imperialism*, London, 1902, p. 324.



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

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

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

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

If, however, we are discussing the "purely economic" conditions of the epoch of finance capital as a historically concrete epoch which began at the turn of the twentieth century, then the best reply that one can make to the lifeless abstractions of "ultra-imperialism" (which serve exclusively a most reactionary aim: that of diverting attention from the depth of *existing* antagonisms) is to contrast them with the concrete economic realities of the present-day world economy. Kautsky's utterly meaningless talk about ultra-imperialism encourages, among other things, that

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

\*\* *Ibid.*, 1915, 1. S. 144, April 30, 1915.

profoundly mistaken idea which only brings grist to the mill of the apologists of imperialism, i.e., that the rule of finance capital *lessens* the unevenness and contradictions inherent in the world economy, whereas in reality it *increases* them.

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

Here is a brief summary of the economic data he quotes on these regions.

Principal economic areas	Area	Pop.	Transport		Trade	Industry		
	Million sq. k.m.	Millions	Railways (thous. and km.)	Mercantile fleet (million tons)	Imports, exports (thous. million marks.)	Output		Number of cotton spindles (millions)
						Of coal (million tons)	Of pig iron (million tons)	
1) Central Europe	27.6 (23.6)**	388 (146)	204	8	41	251	15	26
2) Britain	28.9 (28.6)**	398 (355)	140	11	25	249	9	51
3) Russia	22	131	63	1	3	16	3	7
4) Eastern Asia	21	389	8	1	2	8	0.02	2
5) America	30	148	379	6	14	245	14	19

We see three areas of highly developed capitalism (high development of means of transport, of trade and of industry): the Central European, the British and the American areas. Among these are three states which dominate the world: Germany, Great Britain, and the United States. Imperialist rivalry and the struggle between these countries have become extremely keen because

\* R. Calwer, *Einführung in die Weltwirtschaft*, Berlin, 1906.

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

Germany has only an insignificant area and few colonies; the creation of "Central Europe" is still a matter for the future, it is being born in the midst of a desperate struggle. For the moment the distinctive feature of the whole of Europe is political disunity. In the British and American areas, on the other hand, political concentration is very highly developed, but there is a vast disparity between the immense colonies of the one and the insignificant colonies of the other. In the colonies, however, capitalism is only beginning to develop. The struggle for South America is becoming more and more acute.

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

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

Finance capital and the trusts do not diminish but increase the differences in the rate of growth of the various parts of the world economy. Once the relation of forces is changed, what other solution of the contradictions can be found *under capitalism* than that of *force*? Railway statistics\* provide remarkably exact data on the different rates of growth of capitalism and finance capital in world economy. In the last decades of imperialist development, the total length of railways has changed as follows:

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

	Railways (000 kilometres)		
	1890	1913	+
Europe . . . . .	224	346	+ 122
U.S. . . . .	268	411	+ 143
All colonies . . . . .	82	210	+ 128
Independent and semi-independent states of Asia and America . . . .	43	137	+ 94
	} 125		} 347
			} +222
<i>Total</i>	617	1,104	

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

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

	(000 kilometres)		
	1890	1913	+
U.S. . . . .	268	413	+ 145
British Empire . . . . .	107	208	+ 101
Russia . . . . .	32	78	+ 46
Germany . . . . .	43	68	+ 25
France . . . . .	41	63	+ 22
<i>Total for 5 powers . . . . .</i>	491	830	+ 339

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

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

### VIII. PARASITISM AND DECAY OF CAPITALISM

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

As we have seen, the deepest economic foundation of imperialism is monopoly. This is capitalist monopoly, i.e., monopoly which has grown out of capitalism and which exists in the general environment of capitalism, commodity production and competition, in permanent and insoluble contradiction to this general environment. Nevertheless, like all monopoly, it inevitably engenders a tendency of stagnation and decay. Since monopoly prices are established, even temporarily, the motive cause of technical and, consequently, of all other progress disappears to a certain extent and, further, the *economic* possibility arises of deliberately retarding technical progress. For instance, in America, a certain Owens invented a machine which revolutionised the manufacture of bottles. The German bottle-manufacturing cartel purchased Owens's patent, but pigeon-holed it, refrained from utilising it. Certainly, monopoly under capitalism can never completely, and for a very long period of time, eliminate competition in the world market (and this, by the way, is one of the

\* Cf. also Edgar Crammond, "The Economic Relations of the British and German Empires" in *The Journal of the Royal Statistical Society*, July 1914, p. 777 et seq.

reasons why the theory of ultra-imperialism is so absurd). Certainly, the possibility of reducing the cost of production and increasing profits by introducing technical improvements operates in the direction of change. But the *tendency* to stagnation and decay, which is characteristic of monopoly, continues to operate, and in some branches of industry, in some countries, for certain periods of time, it gains the upper hand.

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

Further, imperialism is an immense accumulation of money capital in a few countries, amounting, as we have seen, to 100,000-150,000 million francs in securities. Hence the extraordinary growth of a class, or rather, of a stratum of rentiers, i.e., people who live by "clipping coupons", who take no part in any enterprise whatever, whose profession is idleness. The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production and sets the seal of parasitism on the whole country that lives by exploiting the labour of several overseas countries and colonies.

"In 1893," writes Hobson, "the British capital invested abroad represented about 15 per cent of the total wealth of the United Kingdom."\* Let me remind the reader that by 1915 this capital had increased about two and a half times. "Aggressive imperialism," says Hobson further on, "which costs the tax-payer so dear, which is of so little value to the manufacturer and trader... is a source of great gain to the investor... The annual income Great Britain derives from commissions in her whole foreign and colonial trade, import and export, is estimated by Sir R. Giffen at £18,000,000 [nearly 170 million rubles] for 1899, taken at 2½ per cent, upon a turnover of £800,000,000." Great as this sum is, it cannot explain the aggressive imperialism of Great Britain, which is explained by the income of £90 million to £100 million from "invested" capital, the income of the rentiers.

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

For that reason the term "rentier state" (Rentnerstaat), or usurer state, is coming into common use in the economic literature that deals with imperialism. The world has become divided into a handful of usurer states and a vast majority of debtor states. "At the top of the list of foreign investments," says Schulze-Gaevernitz, "are those placed in politically dependent or allied countries: Great Britain grants loans to Egypt, Japan, China

\* Hobson, op. cit., pp. 59, 62.

and South America. Her navy plays here the part of bailiff in case of necessity. Great Britain's political power protects her from the indignation of her debtors."\* Sartorius von Waltershausen in his book, *The National Economic System of Capital Investments Abroad*, cites Holland as the model "rentier state" and points out that Great Britain and France are now becoming such.\*\* Schilder is of the opinion that five industrial states have become "definitely pronounced creditor countries": Great Britain, France, Germany, Belgium and Switzerland. He does not include Holland in this list simply because she is "industrially little developed".\*\*\* The United States is a creditor only of the American countries.

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

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

With the Anglo-Boer War fresh in his mind, Hobson describes the connection between imperialism and the interests of the

\* Schulze-Gaevernitz, *Britischer Imperialismus*, S. 320 et seq.

\*\* Sartorius von Waltershausen. *Das volkswirtschaftliche System*. etc. Berlin. 1907. Buch IV.

\*\*\* Schilder, op. cit., S. 393.

\*\*\*\* Schulze-Gaevernitz, op. cit., S. 122.

\*\*\*\*\* *Die Bank*, 1911, 1, S. 10-11.

"financiers", their growing profits from contracts, supplies, etc., and writes: "While the directors of this definitely parasitic policy are capitalists, the same motives appeal to special classes of the workers. In many towns most important trades are dependent upon government employment or contracts; the imperialism of the metal and shipbuilding centres is attributable in no small degree to this fact." Two sets of circumstances, in this writer's opinion, have weakened the old empires: (1) "economic parasitism", and (2) the formation of armies recruited from subject peoples. "There is first the habit of economic parasitism, by which the ruling state has used its provinces, colonies, and dependencies in order to enrich its ruling class and to bribe its lower classes into acquiescence." And I shall add that the economic possibility of such bribery, whatever its form may be, requires high monopolist profits.

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

Hobson gives the following economic appraisal of the prospect of the partitioning of China: "The greater part of Western Europe might then assume the appearance and character already exhibited by tracts of country in the South of England, in the Riviera and in the tourist-ridden or residential parts of Italy and Switzerland, little clusters of wealthy aristocrats drawing dividends and pensions from the Far East, with a somewhat larger group of professional retainers and tradesmen and a larger body of personal servants and workers in the transport trade and in the final stages of production of the more perishable goods; all the main arterial industries would have disappeared, the staple foods and manufactures flowing in as tribute from Asia and Africa. . . . We have foreshadowed the possibility of even a larger alliance of Western states, a European federation of great powers which, so far from forwarding the cause of world civilisation, might introduce the gigantic peril of a Western parasitism, a group of advanced industrial nations, whose upper classes drew vast tribute from Asia and Africa, with which they supported great tame masses of retainers, no longer engaged in the staple industries of agriculture and manufacture, but kept in the performance of personal or minor industrial services under the control

of a new financial aristocracy. Let those who would scout such a theory [it would be better to say: prospect] as undeserving of consideration examine the economic and social condition of districts in Southern England today which are already reduced to this condition, and reflect upon the vast extension of such a system which might be rendered feasible by the subjection of China to the economic control of similar groups of financiers, investors, and political and business officials, draining the greatest potential reservoir of profit the world has ever known, in order to consume it in Europe. The situation is far too complex, the play of world forces far too incalculable, to render this or any other single interpretation of the future very probable; but the influences which govern the imperialism of Western Europe today are moving in this direction, and, unless counteracted or diverted, make towards some such consummation.”\*

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

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

The description of “British imperialism” in Schulze-Gaevernitz’s book reveals the same parasitical traits. The national income of Great Britain approximately doubled from 1865 to 1898,

\* Hobson, op. cit., pp. 103, 205, 144, 335, 386.

\*\* Gerhard Hildebrand, *Die Erschütterung der Industrieherrschaft und des Industriesozialismus*, 1910, S. 229, et seq.

while the income “from abroad” increased *ninefold* in the same period. While the “merit” of imperialism is that it “trains the Negro to habits of industry” (you cannot manage without coercion...), the “danger” of imperialism lies in that “Europe will shift the burden of physical toil—first agricultural and mining, then the rougher work in industry—on to the coloured races, and itself be content with the role of rentier, and in this way, perhaps, pave the way for the economic, and later, the political emancipation of the coloured races”.

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

	Population England and Wales (000,000)	Workers in basic industries (000,000)	Per cent of total population
1851 . . . . .	17.9	4.1	23
1901 . . . . .	32.5	4.9	15

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

One of the special features of imperialism connected with the facts I am describing, is the decline in emigration from imperial-

\* Schulze-Gaevernitz, *Britischer Imperialismus*, S. 301.

ist countries and the increase in immigration into these countries from the more backward countries where lower wages are paid. As Hobson observes, emigration from Great Britain has been declining since 1884. In that year the number of emigrants was 242,000, while in 1900, the number was 169,000. Emigration from Germany reached the highest point between 1881 and 1890, with a total of 1,453,000 emigrants. In the course of the following two decades, it fell to 544,000 and to 341,000. On the other hand, there was an increase in the number of workers entering Germany from Austria, Italy, Russia and other countries. According to the 1907 census, there were 1,342,294 foreigners in Germany, of whom 440,800 were industrial workers and 257,329 agricultural workers.\* In France, the workers employed in the mining industry are, "in great part", foreigners: Poles, Italians and Spaniards.\*\* In the United States, immigrants from Eastern and Southern Europe are engaged in the most poorly paid jobs, while American workers provide the highest percentage of overseers or of the better-paid workers.\*\*\* Imperialism has the tendency to create privileged sections also among the workers, and to detach them from the broad masses of the proletariat.

It must be observed that in Great Britain the tendency of imperialism to split the workers, to strengthen opportunism among them and to cause temporary decay in the working-class movement, revealed itself much earlier than the end of the nineteenth and the beginning of the twentieth centuries; for two important distinguishing features of imperialism were already observed in Great Britain in the middle of the nineteenth century—vast colonial possessions and a monopolist position in the world market. Marx and Engels traced this connection between opportunism in the working-class movement and the imperialist features of British capitalism systematically, during the course of several decades. For example, on October 7, 1858, Engels wrote to Marx: "The English proletariat is actually becoming more and more bourgeois, so that this most bourgeois of all nations is apparently aiming ultimately at the possession of a bourgeois aristocracy and a bourgeois proletariat *alongside* the bourgeoisie. For a nation which exploits the whole world this is of course to a certain extent justifiable." Almost a quarter of a century later, in a letter dated August 11, 1881, Engels speaks of the "worst English trade unions which allow themselves to be led by men sold to, or at least paid by, the middle class". In a letter to Kautsky, dated September 12, 1882, Engels wrote: "You ask me what the English workers think about colonial policy. Well,

\* *Statistik des Deutschen Reichs*, Bd. 211.

\*\* Henger, *Die Kapitalsanlage der Franzosen*, Stuttgart, 1913.

\*\*\* Hourwich, *Immigration and Labour*, New York, 1913.

exactly the same 'as they think about politics in general. There is no workers' party here, there are only Conservatives and Liberal-Radicals, and the workers gaily share the feast of England's monopoly of the world market and the colonies.'"\* (Engels expressed similar ideas in the press in his preface to the second edition of *The Condition of the Working Class in England*, which appeared in 1892.)

This clearly shows the causes and effects. The causes are: (1) exploitation of the whole world by this country; (2) its monopolist position in the world market; (3) its colonial monopoly. The effects are: (1) a section of the British proletariat becomes bourgeois; (2) a section of the proletariat allows itself to be led by men bought by, or at least paid by, the bourgeoisie. The imperialism of the beginning of the twentieth century completed the division of the world among a handful of states, each of which today exploits (in the sense of drawing superprofits from) a part of the "whole world" only a little smaller than that which England exploited in 1858; each of them occupies a monopolist position in the world market thanks to trusts, cartels, finance capital and creditor and debtor relations; each of them enjoys to some degree a colonial monopoly (we have seen that out of the total of 75,000,000 sq. km., which comprise the *whole* colonial world, 65,000,000 sq. km., or 86 per cent, belong to six powers; 61,000,000 sq. km., or 81 per cent, belong to three powers).

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

\* *Briefwechsel von Marx und Engels*, Bd. II, S. 290; IV, 433.—Karl Kautsky, *Sozialismus und Kolonialpolitik*, Berlin, 1907, S. 79; this pamphlet was written by Kautsky in those infinitely distant days when he was still a Marxist.

\*\* Russian social-chauvinism in its overt form, represented by the Potresovs, Chkhenkelis, Maslovs, etc., and in its covert form (Chkheidze, Skobelev, Axelrod, Martov, etc.), also emerged from the Russian variety of opportunism, namely, liquidationism.

## IX. CRITIQUE OF IMPERIALISM

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

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

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

Here is an example. The German imperialists attempt, in the magazine *Archives of World Economy*, to follow the national emancipation movements in the colonies, particularly, of course, in colonies other than those belonging to Germany. They note the unrest and the protest movements in India, the movement in Natal (South Africa), in the Dutch East Indies, etc. One of them, commenting on an English report of a conference held on June 28-30, 1910, of representatives of various subject nations and races, of peoples of Asia, Africa and Europe who are under foreign rule, writes as follows in appraising the speeches delivered at this conference: "We are told that we must fight imperialism; that the ruling states should recognise the right of subject peoples to independence; that an international tribunal should supervise the fulfilment of treaties concluded between the great

powers and weak peoples. Further than the expression of these pious wishes they do not go. We see no trace of understanding of the fact that imperialism is inseparably bound up with capitalism in its present form and that, therefore (!!), an open struggle against imperialism would be hopeless, unless, perhaps, the fight were to be confined to protests against certain of its especially abhorrent excesses."\* Since the reform of the basis of imperialism is a deception, a "pious wish", since the bourgeois representatives of the oppressed nations go no "further" forward, the bourgeois representative of an oppressing nation goes "further" backward, to servility towards imperialism under cover of the claim to be "scientific". That is also "logic"!

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

In the United States, the imperialist war waged against Spain in 1898 stirred up the opposition of the "anti-imperialists", the last of the Mohicans of bourgeois democracy who declared this war to be "criminal", regarded the annexation of foreign territories as a violation of the Constitution, declared that the treatment of Aguinaldo, leader of the Filipinos (the Americans promised him the independence of his country, but later landed troops and annexed it), was "Jingo treachery", and quoted the words of Lincoln: "When the white man governs himself, that is self-government; but when he governs himself and also governs others, it is no longer self-government; it is despotism."\*\* But as long as all this criticism shrank from recognising the inseverable bond between imperialism and the trusts, and, therefore, between imperialism and the foundations of capitalism, while it shrank from joining the forces engendered by large-scale capitalism and its development—it remained a "pious wish".

This is also the main attitude taken by Hobson in his critique

\* *Weltwirtschaftliches Archiv*, Bd. II, S. 193.

\*\* J. Patouillet, *L'impérialisme américain*, Dijon, 1904, p. 272.

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

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

Here is a sample of Kautsky's economic criticism of imperialism. He takes the statistics of the British export and import trade with Egypt for 1872 and 1912; it seems that this export and import trade has grown more slowly than British foreign trade as a whole. From this Kautsky concludes that "we have no reason to suppose that without military occupation the growth of British trade with Egypt would have been less, simply as a result of the mere operation of economic factors". "The urge of capital to expand . . . can be best promoted, not by the violent methods of imperialism, but by peaceful democracy."\*\*

This argument of Kautsky's, which is repeated in every key by his Russian armour-bearer (and Russian shielder of the social-chauvinists), Mr. Spectator, constitutes the basis of Kautskian critique of imperialism, and that is why we must deal with it in greater detail. We will begin with a quotation from Hilferding,

\* *Bulletin de l'Institut International de Statistique*, T. XIX, livr. II, p. 225.

\*\* Kautsky, *Nationalstaat, imperialistischer Staat und Staatenbund*, Nürnberg, 1915, S. 72, 70.

whose conclusions Kautsky on many occasions, and notably in April 1915, has declared to have been "unanimously adopted by all socialist theoreticians".

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

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

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

Kautsky's argument can have no other meaning; and *this* "meaning" is meaningless. Let us assume that free competition, without any sort of monopoly, *would* have developed capitalism and trade more rapidly. But the more rapidly trade and capitalism develop, the greater is the concentration of production and capital which *gives rise* to monopoly. And monopolies have *already* arisen—precisely *out of* free competition! Even if monopolies have now begun to retard progress, it is not an argument in favour of free competition, which has become impossible after it has given rise to monopoly.

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

Even if we correct this argument and say, as Spectator says, that the trade of the colonies with Britain is now developing more slowly than their trade with other countries, it does not save Kautsky; for it is *also* monopoly, *also* imperialism that is beating Great Britain, only it is the monopoly and imperialism of another country (America, Germany). It is known that the cartels have given rise to a new and peculiar form of protective tariffs, i.e., goods suitable for export are protected (Engels noted this in Vol. III of *Capital*<sup>371</sup>). It is known, too, that the cartels and

\* *Finance Capital*, p. 567.



finance capital have a system peculiar to themselves, that of "exporting goods at cut-rate prices", or "dumping", as the English call it: within a given country the cartel sells its goods at high monopoly prices, but sells them abroad at a much lower price to undercut the competitor, to enlarge its own production to the utmost, etc. If Germany's trade with the British colonies is developing more rapidly than Great Britain's, it only proves that German imperialism is younger, stronger and better organised than British imperialism, is superior to it; but it by no means proves the "superiority" of free trade, for it is not a fight between free trade and protection and colonial dependence, but between two rival imperialisms, two monopolies, two groups of finance capital. The superiority of German imperialism over British imperialism is more potent than the wall of colonial frontiers or of protective tariffs: to use this as an "argument" *in favour* of free trade and "peaceful democracy" is banal, it means forgetting the essential features and characteristics of imperialism, substituting petty-bourgeois reformism for Marxism.

It is interesting to note that even the bourgeois economist, A. Lansburgh, whose criticism of imperialism is as petty-bourgeois as Kautsky's, nevertheless got closer to a more scientific study of trade statistics. He did not compare one single country, chosen at random, and one single colony with the other countries; he examined the export trade of an imperialist country: (1) with countries which are financially dependent upon it, and borrow money from it; and (2) with countries which are financially independent. He obtained the following results:

EXPORT TRADE OF GERMANY (000,000 marks)

	1889	1908	Per cent increase	
To countries financially dependent on Germany	Rumania . . . . .	48.2	70.8	47
	Portugal . . . . .	19.0	32.8	73
	Argentina . . . . .	60.7	147.0	143
	Brazil . . . . .	48.7	84.5	73
	Chile . . . . .	28.3	52.4	85
	Turkey . . . . .	29.9	64.0	114
	<i>Total</i> . . . . .	<i>234.8</i>	<i>451.5</i>	<i>92</i>
To countries financially independent of Germany	Great Britain . . . . .	651.8	997.4	53
	France . . . . .	210.2	437.9	108
	Belgium . . . . .	137.2	322.8	135
	Switzerland . . . . .	177.4	401.1	127
	Australia . . . . .	21.2	64.5	205
	Dutch East Indies . . . . .	8.8	40.7	363
	<i>Total</i> . . . . .	<i>1,206.6</i>	<i>2,264.4</i>	<i>87</i>

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

Tracing the connection between exports and loans, Lansburgh writes:

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

"German exports to Portugal rose, following the loans of 1888-89, to 21,100,000 (1890); then, in the two following years, they dropped to 16,200,000 and 7,400,000, and regained their former level only in 1903.

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

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

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

\* *Die Bank*, 1909, 2, S. 819 et seq.

loan which the borrower uses to make purchases from Krupp, or to purchase railway material from the Steel Syndicate, etc.

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

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

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

Kautsky: "... Cannot the present imperialist policy be supplanted by a new, ultra-imperialist policy, which will introduce the joint exploitation of the world by internationally united finance capital in place of the mutual rivalries of national finance capitals? Such a new phase of capitalism is at any rate conceivable. Can it be achieved? Sufficient premises are still lacking to enable us to answer this question."<sup>\*</sup>

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

Kautsky called ultra-imperialism or super-imperialism what Hobson, thirteen years earlier, described as inter-imperialism. Except for coining a new and clever catchword, replacing one Latin prefix by another, the only progress Kautsky has made in the sphere of "scientific" thought is that he gave out as Marxism what Hobson, in effect, described as the cant of English parsons.

\* *Die Neue Zeit*, April 30, 1915, S. 144.

After the Anglo-Boer War it was quite natural for this highly honourable caste to exert their main efforts to *console* the British middle class and the workers who had lost many of their relatives on the battlefields of South Africa and who were obliged to pay higher taxes in order to guarantee still higher profits for the British financiers. And what better consolation could there be than the theory that imperialism is not so bad; that it stands close to inter- (or ultra-) imperialism, which can ensure permanent peace? No matter what the good intentions of the English parsons, or of sentimental Kautsky, may have been, the only objective, i.e., real, social significance of Kautsky's "theory" is this: it is a most reactionary method of consoling the masses with hopes of permanent peace being possible under capitalism, by distracting their attention from the sharp antagonisms and acute problems of the present times, and directing it towards illusory prospects of an imaginary "ultra-imperialism" of the future. Deception of the masses—that is all there is in Kautsky's "Marxist" theory.

Indeed, it is enough to compare well-known and indisputable facts to become convinced of the utter falsity of the prospects which Kautsky tries to conjure up before the German workers (and the workers of all lands). Let us consider India, Indo-China and China. It is known that these three colonial and semi-colonial countries, with a population of six to seven hundred million, are subjected to the exploitation of the finance capital of several imperialist powers: Great Britain, France, Japan, the U.S.A., etc. Let us assume that these imperialist countries form alliances against one another in order to protect or enlarge their possessions, their interests and their spheres of influence in these Asiatic states; these alliances will be "inter-imperialist", or "ultra-imperialist" alliances. Let us assume that *all* the imperialist countries conclude an alliance for the "peaceful" division of these parts of Asia; this alliance would be an alliance of "internationally united finance capital". There are actual examples of alliances of this kind in the history of the twentieth century—the attitude of the powers to China, for instance.<sup>372</sup> We ask, is it "conceivable", assuming that the capitalist system remains intact—and this is precisely the assumption that Kautsky does make—that such alliances would be more than temporary, that they would eliminate friction, conflicts and struggle in every possible form?

The question has only to be presented clearly for any other than a negative answer to be impossible. This is because the only conceivable basis under capitalism for the division of spheres of influence, interests, colonies, etc., is a calculation of the *strength* of those participating, their general economic, financial, military strength, etc. And the strength of these participants in the division does not change to an equal degree, for the *even*

development of different undertakings, trusts, branches of industry, or countries is impossible under capitalism. Half a century ago Germany was a miserable, insignificant country, if her capitalist strength is compared with that of the Britain of that time; Japan compared with Russia in the same way. Is it "conceivable" that in ten or twenty years' time the relative strength of the imperialist powers will have remained unchanged? It is out of the question.

Therefore, in the realities of the capitalist system, and not in the banal philistine fantasies of English parsons, or of the German "Marxist", Kautsky, "inter-imperialist" or "ultra-imperialist" alliances, no matter what form they may assume, whether of one imperialist coalition against another, or of a general alliance embracing *all* the imperialist powers, are *inevitably* nothing more than a "truce" in periods between wars. Peaceful alliances prepare the ground for wars, and in their turn grow out of wars; the one conditions the other, producing alternating forms of peaceful and non-peaceful struggle on *one and the same* basis of imperialist connections and relations within world economics and world politics. But in order to pacify the workers and reconcile them with the social-chauvinists who have deserted to the side of the bourgeoisie, over-wise Kautsky *separates* one link of a single chain from another, separates the present peaceful (and ultra-imperialist, nay, ultra-ultra-imperialist) alliance of *all* the powers for the "pacification" of China (remember the suppression of the Boxer Rebellion<sup>373</sup>) from the non-peaceful conflict of tomorrow, which will prepare the ground for another "peaceful" general alliance for the partition, say, of Turkey, on the day after tomorrow, *etc.*, *etc.* Instead of showing the living connection between periods of imperialist peace and periods of imperialist war, Kautsky presents the workers with a lifeless abstraction in order to reconcile them to their lifeless leaders.

An American writer, Hill, in his *A History of the Diplomacy in the International Development of Europe* refers in his preface to the following periods in the recent history of diplomacy: (1) the era of revolution; (2) the constitutional movement; (3) the present era of "commercial imperialism".\* Another writer divides the history of Great Britain's "world policy" since 1870 into four periods: (1) the first Asiatic period (that of the struggle against Russia's advance in Central Asia towards India); (2) the African period (approximately 1885-1902): that of the struggle against France for the partition of Africa (the "Fashoda incident"<sup>374</sup> of 1898 which brought her within a hair's breadth of war with

\* David Jayne Hill, *A History of the Diplomacy in the International Development of Europe*, Vol. I, p. X.

France); (3) the second Asiatic period (alliance with Japan against Russia); and (4) the "European" period, chiefly anti-German.\* "The political patrol clashes take place on the financial field," wrote the banker, Riesser, in 1905, in showing how French finance capital operating in Italy was preparing the way for a political alliance of these countries, and how a conflict was developing between Germany and Great Britain over Persia, between all the European capitalists over Chinese loans, etc. Behold, the living reality of peaceful "ultra-imperialist" alliances in their inseparable connection with ordinary imperialist conflicts!

Kautsky's obscuring of the deepest contradictions of imperialism, which inevitably boils down to painting imperialism in bright colours, leaves its traces in this writer's criticism of the political features of imperialism. Imperialism is the epoch of finance capital and of monopolies, which introduce everywhere the striving for domination, not for freedom. Whatever the political system, the result of these tendencies is everywhere reaction and an extreme intensification of antagonisms in this field. Particularly intensified become the yoke of national oppression and the striving for annexations, i.e., the violation of national independence (for annexation is nothing but the violation of the right of nations to self-determination). Hilferding rightly notes the connection between imperialism and the intensification of national oppression. "In the newly opened-up countries," he writes, "the capital imported into them intensifies antagonisms and excites against the intruders the constantly growing resistance of the peoples who are awakening to national consciousness; this resistance can easily develop into dangerous measures against foreign capital. The old social relations become completely revolutionised, the age-long agrarian isolation of 'nations without history' is destroyed and they are drawn into the capitalist whirlpool. Capitalism itself gradually provides the subjugated with the means and resources for their emancipation and they set out to achieve the goal which once seemed highest to the European nations: the creation of a united national state as a means to economic and cultural freedom. This movement for national independence threatens European capital in its most valuable and most promising fields of exploitation, and European capital can maintain its domination only by continually increasing its military forces."\*\*

To this must be added that it is not only in newly opened-up countries, but also in the old, that imperialism is leading to annexation, to increased national oppression, and, consequently,

\* Schilder, *op. cit.*, S. 178.

\*\* *Finance Capital*, p. 487.

also to increasing resistance. While objecting to the intensification of political reaction by imperialism, Kautsky leaves in the shade a question that has become particularly urgent, viz., the impossibility of unity with the opportunists in the epoch of imperialism. While objecting to annexations, he presents his objections in a form that is most acceptable and least offensive to the opportunists. He addresses himself to a German audience, yet he obscures the most topical and important point, for instance, the annexation of Alsace-Lorraine by Germany. In order to appraise this "mental aberration" of Kautsky's I shall take the following example. Let us suppose that a Japanese condemns the annexation of the Philippines by the Americans. The question is: will many believe that he does so because he has a horror of annexations as such, and not because he himself has a desire to annex the Philippines? And shall we not be constrained to admit that the "fight" the Japanese is waging against annexations can be regarded as being sincere and politically honest only if he fights against the annexation of Korea by Japan, and urges freedom for Korea to secede from Japan?

Kautsky's theoretical analysis of imperialism, as well as his economic and political critique of imperialism, are permeated *through and through* with a spirit, absolutely irreconcilable with Marxism, of obscuring and glossing over the fundamental contradictions of imperialism and with a striving to preserve at all costs the crumbling unity with opportunism in the European working-class movement.

## X. THE PLACE OF IMPERIALISM IN HISTORY

We have seen that in its economic essence imperialism is monopoly capitalism. This in itself determines its place in history, for monopoly that grows out of the soil of free competition, and precisely out of free competition, is the transition from the capitalist system to a higher socio-economic order. We must take special note of the four principal types of monopoly, or principal manifestations of monopoly capitalism, which are characteristic of the epoch we are examining.

Firstly, monopoly arose out of the concentration of production at a very high stage. This refers to the monopolist capitalist associations, cartels, syndicates and trusts. We have seen the important part these play in present-day economic life. At the beginning of the twentieth century, monopolies had acquired complete supremacy in the advanced countries, and although the first steps towards the formation of the cartels were taken by countries enjoying the protection of high tariffs (Germany,

America), Great Britain, with her system of free trade, revealed the same basic phenomenon, only a little later, namely, the birth of monopoly out of the concentration of production.

Secondly, monopolies have stimulated the seizure of the most important sources of raw materials, especially for the basic and most highly cartelised industries in capitalist society: the coal and iron industries. The monopoly of the most important sources of raw materials has enormously increased the power of big capital, and has sharpened the antagonism between cartelised and non-cartelised industry.

Thirdly, monopoly has sprung from the banks. The banks have developed from modest middleman enterprises into the monopolists of finance capital. Some three to five of the biggest banks in each of the foremost capitalist countries have achieved the "personal link-up" between industrial and bank capital, and have concentrated in their hands the control of thousands upon thousands of millions which form the greater part of the capital and income of entire countries. A financial oligarchy, which throws a close network of dependence relationships over all the economic and political institutions of present-day bourgeois society without exception—such is the most striking manifestation of this monopoly.

Fourthly, monopoly has grown out of colonial policy. To the numerous "old" motives of colonial policy, finance capital has added the struggle for the sources of raw materials, for the export of capital, for spheres of influence, i.e., for spheres for profitable deals, concessions, monopoly profits and so on, economic territory in general. When the colonies of the European powers, for instance, comprised only one-tenth of the territory of Africa (as was the case in 1876), colonial policy was able to develop by methods other than those of monopoly—by the "free grabbing" of territories, so to speak. But when nine-tenths of Africa had been seized (by 1900), when the whole world had been divided up, there was inevitably ushered in the era of monopoly possession of colonies and, consequently, of particularly intense struggle for the division and the redivision of the world.

The extent to which monopolist capital has intensified all the contradictions of capitalism is generally known. It is sufficient to mention the high cost of living and the tyranny of the cartels. This intensification of contradictions constitutes the most powerful driving force of the transitional period of history, which began from the time of the final victory of world finance capital.

Monopolies, oligarchy, the striving for domination and not for freedom, the exploitation of an increasing number of small or weak nations by a handful of the richest or most powerful nations—all these have given birth to those distinctive character-

istics of imperialism which compel us to define it as parasitic or decaying capitalism. More and more prominently there emerges, as one of the tendencies of imperialism, the creation of the "rentier state", the usurer state, in which the bourgeoisie to an ever-increasing degree lives on the proceeds of capital exports and by "clipping coupons". It would be a mistake to believe that this tendency to decay precludes the rapid growth of capitalism. It does not. In the epoch of imperialism, certain branches of industry, certain strata of the bourgeoisie and certain countries betray, to a greater or lesser degree, now one and now another of these tendencies. On the whole, capitalism is growing far more rapidly than before; but this growth is not only becoming more and more uneven in general, its unevenness also manifests itself, in particular, in the decay of the countries which are richest in capital (Britain).

In regard to the rapidity of Germany's economic development, Riesser, the author of the book on the big German banks, states: "The progress of the preceding period (1848-70), which had not been exactly slow, compares with the rapidity with which the whole of Germany's national economy, and with it German banking, progressed during this period (1870-1905) in about the same way as the speed of the mail coach in the good old days compares with the speed of the present-day automobile . . . which is whizzing past so fast that it endangers not only innocent pedestrians in its path, but also the occupants of the car." In its turn, this finance capital which has grown with such extraordinary rapidity is not unwilling, precisely because it has grown so quickly, to pass on to a more "tranquil" possession of colonies which have to be seized—and not only by peaceful methods—from richer nations. In the United States, economic development in the last decades has been even more rapid than in Germany, *and for this very reason*, the parasitic features of modern American capitalism have stood out with particular prominence. On the other hand, a comparison of, say, the republican American bourgeoisie with the monarchist Japanese or German bourgeoisie shows that the most pronounced political distinction diminishes to an extreme degree in the epoch of imperialism—not because it is unimportant in general, but because in all these cases we are talking about a bourgeoisie which has definite features of parasitism.

The receipt of high monopoly profits by the capitalists in one of the numerous branches of industry, in one of the numerous countries, etc., makes it economically possible for them to bribe certain sections of the workers, and for a time a fairly considerable minority of them, and win them to the side of the bourgeoisie of a given industry or given nation against all the others.

The intensification of antagonisms between imperialist nations for the division of the world increases this urge. And so there is created that bond between imperialism and opportunism, which revealed itself first and most clearly in Great Britain, owing to the fact that certain features of imperialist development were observable there much earlier than in other countries. Some writers, L. Martov, for example, are prone to wave aside the connection between imperialism and opportunism in the working-class movement—a particularly glaring fact at the present time—by resorting to "official optimism" (*à la* Kautsky and Huysmans) like the following: the cause of the opponents of capitalism would be hopeless if it were progressive capitalism that led to the increase of opportunism, or, if it were the best-paid workers who were inclined towards opportunism, etc. We must have no illusions about "optimism" of this kind. It is optimism in respect of opportunism; it is optimism which serves to conceal opportunism. As a matter of fact the extraordinary rapidity and the particularly revolting character of the development of opportunism is by no means a guarantee that its victory will be durable: the rapid growth of a painful abscess on a healthy body can only cause it to burst more quickly and thus relieve the body of it.

The most dangerous of all in this respect are those who do not wish to understand that the fight against imperialism is a sham and humbug unless it is inseparably bound up with the fight against opportunism.

From all that has been said in this book on the economic essence of imperialism, it follows that we must define it as capitalism in transition, or, more precisely, as moribund capitalism. It is very instructive in this respect to note that bourgeois economists, in describing modern capitalism, frequently employ catchwords and phrases like "interlocking", "absence of isolation", etc.; "in conformity with their functions and course of development", banks are "not purely private business enterprises; they are more and more outgrowing the sphere of purely private business regulation". And this very Riesser, whose words I have just quoted, declares with all seriousness that the "prophecy" of the Marxists concerning "socialisation" has "not come true"!

What then does this catchword "interlocking" express? It merely expresses the most striking feature of the process going on before our eyes. It shows that the observer counts the separate trees, but cannot see the wood. It slavishly copies the superficial, the fortuitous, the chaotic. It reveals the observer as one who is overwhelmed by the mass of raw material and is utterly incapable of appreciating its meaning and importance. Ownership of shares, the relations between owners of private property

“interlock in a haphazard way”. But underlying this interlocking, its very base, are the changing social relations of production. When a big enterprise assumes gigantic proportions, and, on the basis of an exact computation of mass data, organises according to plan the supply of primary raw materials to the extent of two-thirds, or three-fourths, of all that is necessary for tens of millions of people; when the raw materials are transported in a systematic and organised manner to the most suitable places of production, sometimes situated hundreds or thousands of miles from each other; when a single centre directs all the consecutive stages of processing the material right up to the manufacture of numerous varieties of finished articles; when these products are distributed according to a single plan among tens and hundreds of millions of consumers (the marketing of oil in America and Germany by the American oil trust)—then it becomes evident that we have socialisation of production, and not mere “interlocking”; that private economic and private property relations constitute a shell which no longer fits its contents, a shell which must inevitably decay if its removal is artificially delayed, a shell which may remain in a state of decay for a fairly long period (if, at the worst, the cure of the opportunist abscess is protracted), but which will inevitably be removed.

The enthusiastic admirer of German imperialism, Schulze-Gaevernitz, exclaims:

“Once the supreme management of the German banks has been entrusted to the hands of a dozen persons, their activity is even today more significant for the public good than that of the majority of the Ministers of State. . . . [The “interlocking” of bankers, ministers, magnates of industry and rentiers is here conveniently forgotten.] If we imagine the development of those tendencies we have noted carried to their logical conclusion we will have: the money capital of the nation united in the banks; the banks themselves combined into cartels; the investment capital of the nation cast in the shape of securities. Then the forecast of that genius Saint-Simon will be fulfilled: ‘The present anarchy of production, which corresponds to the fact that economic relations are developing without uniform regulation, must make way for organisation in production. Production will no longer be directed by isolated manufacturers, independent of each other and ignorant of man’s economic needs; that will be done by a certain public institution. A central committee of management, being able to survey the large field of social economy from a more elevated point of view, will regulate it for the benefit of the whole of society, will put the means of production into suitable hands, and above all will take care that there be constant harmony between production and consumption. Institutions already exist which

have assumed as part of their functions a certain organisation of economic labour, the banks.’ We are still a long way from the fulfilment of Saint-Simon’s forecast, but we are on the way towards it: Marxism, different from what Marx imagined, but different only in form.”\*

A crushing “refutation” of Marx, indeed, which retreats a step from Marx’s precise, scientific analysis to Saint-Simon’s guess-work, the guess-work of a genius, but guess-work all the same.

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\* *Grundriss der Sozialökonomik*, S. 146.