

University of the Philippines
SCHOOL OF ECONOMICS

Discussion Paper 8010

November 1980

LEWIN'S THEORY OF IMPERIALISM

by

Charles W. Lindsey

Note: UPSE Discussion Papers are preliminary versions circulated privately to elicit critical comment. They are protected by the Copyright Law (PD No. 49) and not for quotation or reprinting without prior approval.

UPSEDP '97
11-25-97

ABSTRACT

Lenin's theory of imperialism is the basis of much contemporary analysis of the interaction between third world and advanced capitalist countries. This paper examines the theoretical coherence of his theory. In Imperialism, Lenin interwove two theories -- a theory of monopoly and a theory of imperialism. He attempted to prove that the rise of monopoly changed the relationship between the advanced capitalist nations and the rest of the world, as well as qualitatively altering the nature of capitalism within the advanced countries themselves. We argue that he succeeded in the latter, but not in the former. The attempt to equate imperialism and monopoly is untenable.

LENIN'S THEORY OF IMPERIALISM*

"... all science would be
superfluous if the outward
appearance and the essence of
things directly coincided."

Karl Marx, Capital, Volume III

Lenin's small book, Imperialism: the Highest Stage of Capitalism, is no doubt a major theoretical source for contemporary studies of imperialism. That this is the case in spite of the claim that it does not constitute a well worked out theory [Kemp 1972:27]¹ and that Lenin's purpose was to some extent different from that of most present day investigators is of importance. Kemp comes closest to the mark in describing Lenin's purpose when he notes that "[b]esides explaining the character of the [first world] war in Marxist terms, Lenin seeks also to explain the pro-war stand of the leaders of the Second International, which again he traces to its roots in the recent development of capitalism" [Kemp 1967:65]. Recent work on the subject of imperialism,

however, has been directed much more toward the interaction of the advanced capitalist world, particularly the United States, and the third world. Nevertheless, in much of the current writings reference is made to Imperialism, not simply as a historical study of the internationalization of capital, but as a theoretical work that can reasonably form a basis for contemporary analysis.

Since its publication, Imperialism has been subjected to considerable criticism.² Much of this, however, has been directed toward specific conclusions or summary statements and has not adequately dealt with the work as a whole. One can appreciate Magdoff's complaint that "the compression of Lenin's theory . . . into a rigid model" is an obstacle to the development of a theory of imperialism [1978:95]. On the other hand, if there is a theory to be associated with Lenin, it is not unreasonable to desire to know what it is and to what extent it is coherent.

The thesis of this paper is that in Imperialism, Lenin attempted to interweave two theories--a theory of monopoly and a theory of imperialism.³ This is unfortunate. Historical coincidence might have given plausibility to this approach (although even here there are problems), but correlation, however strong, is insufficient for a theory; explanation is needed. Lenin's theory of monopoly, in our view, is sound. But when his theory of imperialism is subjected to

scrutiny, it is found lacking.

In the first section below we give a synopsis of Lenin's theory of imperialism as it is generally understood. Following that we digress briefly to justify our distinguishing imperialism from monopoly. Section III shows that Lenin is justified in viewing monopoly as a stage of capitalist development. Importantly for the theory of imperialism, we argue that monopoly is a function of centralization, and is at best correlated with concentration. Sections IV and V take up two cornerstones of Lenin's theory of imperialism: the export of capital and the acquisition of colonies, respectively. We show that Lenin does not make a reasonable case for the theoretical association of monopoly with either, and that his empirical support for the latter is lacking. Section VI deals briefly with three related points, and we conclude with Section VII.

Inasmuch as our interest is with contemporary use of Lenin's theory, we do not take up political issues that he dealt with in Imperialism: the split in the working class and the inevitability of capitalist wars. What is argued here, however, may have some bearing on those issues.

I. An Overview

Lenin referred to imperialism in several ways, but in the end he defined it as "moribund capitalism" [126].⁴ The evolu-

tion of capitalism involved ever increasing concentration and centralization of the means of production. At the same time banking was becoming more centralized. The interaction of these two phenomena resulted in the rapid growth of monopoly (the term being used in the generic sense) dominated by banks, or what Lenin, following Hilferding, called "finance capital." This institutional condition involved a diminishing of investment opportunities relative to the accumulation of surplus; a "superabundance of capital" existed within the now monopolized economies of the industrialized nations of Europe. As a consequence finance capital turned outward, looking for new areas in which the accumulated surplus could be put to use to extract additional surplus. Thus, in addition to the more long standing motives for capitalist expansion abroad--markets and raw materials--a third motive was added: exportation of surplus capital. This was the distinguishing characteristic of the new imperialism.

On the international level, competition among monopolists of mature capitalist nations drove them into every corner of the world, dividing it up among themselves and imposing control as they could. At the political level this was manifested in the accumulation of colonies and semi-colonies by the respective governments of the monopolists. This division, however, was not final; capitalism develops unevenly, and as the relative parts grew at differing rates, pressure mounted

for a redivision. Given the nature of capitalism, this could only occur violently. In this way Lenin "proved that the war of 1914-18 was imperialistic . . . on the part of both sides . . . " [9].

On the domestic level, the existence of finance capital and capital export increased the importance of a rentier class. In his role as a "coupon clipper," the rentier became isolated from the process of production. There was a tendency toward stagnation, decay, and a retardation of technical progress. In addition, with the growth of monopoly profits from exported capital, the domestic bourgeoisie was able to buy off certain sectors of the working class (worker "opportunism") and retard the development of the working class movement. To describe this process of living off the exploitation of labor of other countries, Lenin used the term "parasitism" (taken from Hobson). All this does not imply that capitalism did not continue to grow and develop, but that growth became more uneven, most noticeably in the countries which were richest in capital. The struggles among the imperialist countries that accompanied the uneven development of capitalism created social and political conditions that "increase[d] the irreconcilability between opportunism and the general and vital interests of the working class movement" [108]. Lenin concluded by saying, ". . . private economic relations and private property relations constitute

a shell which is no longer suitable for its contents, a shell which must inevitably begin to decay if its destruction be delayed by artificial means; a shell which may continue in a state of decay for a fairly long period (particularly if the cure of the opportunist abscess is protracted), but which will inevitably be removed" [127].

II. The Definition of Imperialism

The definition of imperialism as moribund or monopoly capitalism requires comment. For Marx, imperialism was "synonymous with one-man rule after the fashion of Napoleon III," for that was the common use of the term in his day [Kemp 1967: 8]. Engels used the word in his opposition to Pan-Slavism as referring to national and racial, rather than to economic, considerations [Lichthiem 1971:91]. Rosa Luxemburg rooted imperialism in capitalist expansion, but she did not limit it to the monopoly stage. Even Lenin spoke of imperialism in a wider context: "Colonial policy and imperialism existed before this latest stage of capitalism, and even before capitalism" [81-82]. And he referred to British mid-nineteenth century actions abroad as "embryonic imperialism" [108].

The difficulty in defining imperialism is that it is a political term and as such it "is subject to no authority but its acceptance by the public which uses it, or to which it is addressed. The expressions of our political vocabulary, and

among them those denoting 'historical consciousness,' are unavoidably ambiguous: their meaning is in perpetual movement and one meaning constantly overlaps another" [Koebner 1965:xiv]. Further, the problem is not so much "to state or set forth the meaning of" (as one would in the definition of a point), as it is "to describe."

But while imperialism is not a visible thing--any more than 'the state,' or 'the nation,' or 'the commonwealth'--neither is it a mere word or empty sound [T]he term 'imperialism' describes a particular kind of reality, even though it is not the kind that can be statistically weighed and measured. What it denotes is a relationship: specifically, the relationship of a ruling or controlling power to those under its domination [Lichthiem 1974:4; emphasis added].

In this connection, Lenin was quite specific:

But 'general' arguments about imperialism, which ignore, or put into the background the fundamental difference of socio-economic systems, inevitably degenerate into absolute banalities, or into grandiloquent comparisons like 'Greater Rome and Greater Britain.' Even the colonial policy of capitalism in its previous stages is essentially different from the colonial policy of finance capital [82].

Lenin defined imperialism as the economic (and political and social) activity of the leading characters of the world economy, and of its unfolding, as he saw it. Thus, he writes: "[i]mperialism, or the domination of finance capital" [59]; ". . . imperialism is the monopoly stage of capitalism" [88]; "[i]mperialism, which means the partition of the

world, and the exploitation of other countries . . ." [104]; ". . . imperialism is an immense accumulation of money capital in a few countries . . ." [100]; ". . . define [imperialism] as parasitic or decaying capitalism" [124]; "we must define [imperialism] as capitalism in transition, or, more precisely, as moribund capitalism" [126]; and, of course, the title of the book, Imperialism: the Highest Stage of Capitalism.

From our reading, we see no reason to suggest that Lenin would find objectionable the more general definition of imperialism as "the relationship of a ruling or controlling power to those under its domination;" his point was to show that the striving for domination should be understood in historical context. We shall therefore use the more general definition and view Lenin's work as an attempt to comprehend its reality.⁵

III. Monopoly and Stagnation

In his analysis of competitive capitalism, Marx theoretically demonstrated why industry would become more concentrated and centralized, but he did not study such an economy in detail. Lenin took up the analysis at this point. He was not the first to incorporate monopoly into Marxist economic theory; that honor is reserved for Rudolf Hilferding. However, as Baran and Sweezy point out, "Hilferding did not treat it as a qualitatively new element in the capitalist economy; rather he saw it as effecting quantitative

modifications of the basic Marxian laws of capitalism" [1968: 18-19]. Lenin, on the other hand, saw monopoly as a new stage of capitalist development.

In spite of themselves, the capitalists are dragged, as it were, into a new social order, a transitional social order 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 [25].

To understand why this is the case, it is important to keep in mind that the essence of monopoly is the centralization of capital--not simply size, but the limiting of the number of competitors. Marx put it this way:

This process [centralization] differs from the former [concentration] in this, that it only presupposes a change in the distribution of capital already to hand and functioning; its field of action is therefore not limited by absolute growth of social wealth, by the absolute limits of accumulation. Capital grows in one place to a huge mass in a single hand because it has in another place been lost by many. This is centralization proper, as distinct from accumulation and concentration [Marx, Capital, Vol I:686, as quoted in Sweezy 1942:255].

The importance of concentration is that it makes centralization both easier and more desirable on the part of the capitalists.

. . . at a certain stage of its development, concentration itself, as it were, leads right to monopoly; for a score or so of giant enterprises can easily arrive at an agreement, while on the other hand, the difficulty of competition and the tendency towards monopoly arise from the very dimensions of the enterprises [17].

From a Marxian point of view, a new stage in capitalism would necessarily be associated with altered social relations of production. In developing his theory of monopoly, Lenin focused primarily on the relations among capitalists: monopoly reduces the pressures inherent in free competition, resulting in a tendency to stagnation.

This is capitalist monopoly, i.e., monopoly which has grown out of capitalism and exists in the general environment of capitalism, commodity production and competition, and remains in permanent and insoluble contradiction to this general environment. Nevertheless, like all monopoly, this capitalist monopoly inevitably gives rise to a tendency to stagnation and decay. As monopoly prices become fixed, even temporarily, so the stimulus to technical and, consequently, to all progress, disappears to a certain extent, and to that extent, also, the economic possibility arises of deliberately retarding technical progress. . . . Certainly the possibility of reducing cost of production and increasing profits by introducing technical improvements operates in the direction of change. Nevertheless, the tendency to stagnation and decay, which is the feature of monopoly, continues, and in certain branches of industry, in certain countries, for certain periods of time, it becomes predominant [99-100].

. . . 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 big profits go to the 'geniuses' of financial manipulation [26-27].

Throughout Imperialism Lenin discussed the importance of cartels, trusts, and other agreements among producers. Here he emphasized their impact on the rate of development of the economy: a retardation due to fixing of prices and lack of

technical progress. To the extent that competition is viewed as capitalists struggling to produce more and more surplus value, Lenin suggested that monopoly retards competition. Financial manipulation rather than commodity production captures the big profits. But, he goes on to say that "[t]he statement that cartels can abolish crises is a fable [and] when monopoly appears in certain branches of industry, it increases and intensifies the anarchy inherent in capitalist production as a whole" [28].

The key word in the quote is "anarchy"; it is important to distinguish between it and "competition." The latter is reduced by monopoly, as well as being transformed. The driving force of capitalism is weakened. Lenin implied, however, that this does not result in a smoothly functioning capitalism. The anarchy inherent in private ownership of the means of production remains, and so do the crises.

To understand the "real power and significance of modern monopolies," Lenin argued, the role of the banking system must be examined [30]. As the banking system becomes more and more centralized, "we find that a handful of monopolies control all the operations, both commercial and industrial, of the whole capitalist society" [35]. Capitalism is transformed into "capitalist imperialism" [31].

To describe this process, Lenin used the term, taken from Hilferding, "finance capital."

The concentration of production; the monopoly arising therefrom; the merging or coalescence of banking with industry--this is the history of the rise of finance capital and what gives the term "finance capital" its content [47].

The importance of banks, according to Lenin, arises from their "having at their command almost the whole of the money capital of all the capitalists and small business men and also a large part of the means of production and of the sources of raw materials of the given country and in a number of countries" [31]. This allows the banks to transform "thousands and thousands of scattered economic enterprises into a single national, capitalist, and then into an international, capitalist, economic unit" [34]; to control credit [35]; to acquire shares and appoint directors [41]; to take over, reconstruct, and reorganize businesses which fail during depressions [55]; to accelerate technical progress [45]; to obtain monopoly profits from the floating of companies, issue of stock, and state loans [53,55]; to form holding companies [32,34-35,48]; to "greatly intensify and accelerate the process of concentration of capital and the formation of monopolies" [37]; and, consequently, to "inevitably penetrate into every sphere of public life" [58]. On the international level, the result is the growth of a few, financially powerful states [59].

It is an impressive list, but is it one that should be limited to banks? As financial intermediaries, bank capitalists no doubt can perform these activities, but so can other

capitalists. Centralization of capital--the rise of monopoly--and not banks or, for that matter, finance capital is the key. The extent to which financial capitalists or industrial or commercial capitalists (if they are truly separable) play the dominant role in the functions Lenin discussed is a historical question. What is important for a theory of monopoly is the role capital plays as it becomes more centralized.

IV. The Export of Capital

In presenting data which showed that Great Britain, the United States, France, and Germany owned 80 percent of the world's finance capital, Lenin shifted the discussion to the world economy. "Thus, in one way or another, nearly the whole world is more or less the debtor to and tributary of these four international banker countries, the four 'pillars' of world finance capital" [61]. As the industrialized countries moved from competitive capitalism to monopoly, the export of capital replaced the export of goods as "the typical feature" of the world economy [62]. Why?

On the threshold of the twentieth century, we see a new type of monopoly coming into existence. Firstly, there are monopolist capitalist combines in all advanced capitalist countries; secondly, a few rich countries, in which the accumulation of capital reaches gigantic proportions, occupy a monopolist position. An enormous "superabundance of capital" has accumulated in the advanced countries [62].

The meaning of "superabundance of capital" is somewhat ambiguous; however, we shall assume that it refers to the existence of a considerable stock of money capital available to be used for direct investment or to be lent by those who control it, but is idled for lack of profitable opportunities.⁶ The problem then is to explain why investment opportunities are lacking, keeping in mind that to contribute to a theory of imperialism, the explanation must transcend the particular instance to which Lenin addressed himself.

If we assume a lack of investment opportunities in some absolute sense, without reference to the larger, world economy, two explanations present themselves. One is the long term or secular falling rate of profit hypothesis, an interpretation Lenin is often saddled with. We reject this approach. There is no theoretical reason to causally link the secular falling rate of profit with centralization or the onset of monopoly. At best the relationship would be one of correlation. Further, without reference to opportunities outside the country, there is no reason that a falling rate of profit should provoke any surplus capital; if anything, there would be a shortage. In addition, it has been shown that the Marxist theory for the long-term rate of profit to fall (as the consequence of a rising organic composition of capital) suffers from severe, if not fatal, empirical and logical difficulties [Wright 1977; Parijs 1980].⁷

Finally, and most importantly, Lenin never suggested in Imperialism that there was a falling rate of profit.⁸ He did speak of profits being higher in backward countries, but that is a different matter. The only instance in which he came close to using the term ("decline in profits" [63]) is in reference to the consequence of a redistribution of income within the industrialized countries, and he did not think that possible (a criticism of Hobson). If it did occur "there would be no talk of a superabundance of capital But if capitalism did these things it could not be capitalism" [62-63].

This quote, Lenin's discussion of the relationship between the export of capital and the export of commodities [65-66], and his claim that the export of capital restricts the development of the capital exporting country [65], are easily explicable in terms of an underconsumption or (perhaps) a disproportionality theory of crisis [Barratt Brown 1972:53].⁹ They do not lend themselves to a secular falling rate of profit explanation. Further, any attempt to reconcile the secular falling rate of profit view with the inflow of income from foreign investments, which Lenin associated with the rise in importance of the rentiers and aristocracy of the working class [100-101], is doomed to failure.

In one sense, the crisis explanation of a superabundance of capital gives support to Lenin's argument that the export of capital is to be associated with monopoly capitalism.¹⁰

Monopolists, as contrasted with non-monopoly capitalists, must take into account not only the potential profit on new investment, but also the impact of the new investment on the size of profit from their existing capital stock. Thus, the existence of a superabundance of capital may in part be a consequence of the centralization of capital. For the same reason, crises may be more severe under monopoly. However, crises also occur in capitalism under more competitive conditions. This being the case, the existence of superabundant capital itself cannot stand as the explanation of why the export of capital became the qualitatively different feature of the new imperialism. We must look further.

The lack of profitable investment opportunities can also be interpreted in a relative sense: there is a lack of profitable opportunities domestically when compared with opportunities elsewhere. This, however, requires differentiating between the "necessity for exporting capital" and the "possibility of exporting capital."

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 possibility of exporting capital is created by the fact that numerous backward countries have been drawn into international capitalist intercourse; main railways have either been built or are being built there; the elementary conditions for industrial development have been created, etc. The necessity for exporting capital arises from the fact that in a few countries capitalism has become "over-ripe" and (owing to the backward state of agriculture and the impoverished state of the masses) capital cannot find "profitable" investment [63; emphasis added].

We have already dealt with the necessity side of the argument; we now turn our attention to the possibility side. Although he quoted a passage from the Berlin review, Die Bank, discussing the demand for loans from the big money markets by countries that would be classified as backward [65], Lenin treated the backward countries as essentially passive, waiting for the monopoly stage of capitalism in order to become the receptacle of capital exported from the industrialized nations. This makes little sense. Whether it be for the development of export industries, of infrastructure, or of domestic industry, the demand for capital in the backward areas should not depend on whether the industrialized capitalist countries are in a competitive or monopoly stage. No doubt, ignorance of the backward countries, the risks involved, and the smaller size of firms in an earlier stage of capitalist development would be factors limiting capital export. But with the development of productive forces (particularly in transportation and communication), and with the increasing concentration of capital (reducing the risk of large projects), these factors would diminish in importance. Thus also on the possibility side, monopoly capitalism is of little relevance.

We must conclude that Lenin's explanation of the export of capital becoming the typical feature of the world economy as being due to monopoly (centralization) is theoretically untenable. If in some instances the rapid growth of capital

export and monopoly occurred together, it is an interesting observation. But our point is that Lenin provided no theoretical link (and we do not believe one exists). This, of course, implies that we must reject the definition of the new imperialism as the monopoly stage of capitalism.¹¹

The point that is made here is supported by the argument of Magdoff.

. . . the primary drive behind the export of capital was not the pressure of surplus capital but the utilization of capital where profitable opportunities existed, constrained of course by the technology of the time, the economic and political conditions in the other countries, and the resources of the home country [1978:121].

He fails, however, to draw the necessary implications about the theoretical content of Lenin's theory.

Barratt Brown, we feel, also has the correct conclusion.

What all those that did expand had in common was a certain level of technological development--some more advanced than others--and the driving force in this technological development of a capitalist class [1972:40].

He goes on to say, "It is from the special circumstances of this class and the economic relations that it established that Marxist theories of imperialism start." This is incorrect. Marxist theories of imperialism building on Lenin do not start simply from a level of technological development and a capitalist class; in addition, they assume the capitalist class is dominated by monopolists. It is the latter to which we are objecting.

V. Colonization

We noted in beginning that the purpose of Lenin's theory was to explain the interaction of the advanced capitalist countries in the decade or so on either side of the beginning of the twentieth century. But this is not to say that he ignored completely the relationship of the capitalist nations with the backward areas. To begin with, he had no illusion as to the nature of the expansion of capitalism into these regions. "Imperialism is the epoch of finance capital and of monopolies, which introduce everywhere the striving for domination, not for freedom" [120]. It is "the struggle of the Great Powers for the economic and political division of the world . . ." [85].

The most obvious form of political division is, of course, colonialism. Other forms of dependence exist, but in Lenin's view, "finance capital finds it most 'convenient,' and is able to extract the greatest profit from a subordination which involves the loss of the political independence of the subjected countries and peoples" [81]. He referred to other forms of dependence as "transitional" [85].

From this perspective, Lenin directed his attention to the race for colonies in the latter part of the nineteenth century and the beginning of the twentieth century. He gave several reasons for this drive:

- (1) Colonial possession alone gives complete guarantee of success to the monopolies against all the risks of the struggle with competitors, including the risk that the latter will defend themselves by means of a law establishing a state monopoly [82].
- (2) Finance capital is not only interested in the already known sources of raw materials; it is also interested in potential sources of raw materials Hence, the inevitable striving of finance capital to extend its economic territory and even its territory in general [83].
- (3) The necessity of exporting capital also gives an impetus to the conquest of colonies . . . [84].
- (4) The non-economic superstructure which grows up on the basis of finance capital, its politics and its ideology, stimulates the striving for colonial conquest [84].
- (5) . . . an essential feature of imperialism is the rivalry between a number of 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 [91-92].

Lenin was not trying to give an explanation for all colonialism, but only for colonialism in the specific historical period of monopoly capitalism. "Even the colonial policy of capitalism in its previous stages is essentially different from the colonial policy of finance capital [82; see also 88]. During the latter period political alliances and divisions were connected to alliances of capitalists which in turn were "based on the economic division of the world" [75]. He also presented data which he felt showed that there

was an intensification of the struggle for colonies in the period of finance capital [76-78,80]. But this demarcation presents problems.

Lenin stressed the unevenness in the rate of colonial expansion of the Great Powers [80]. Great Britain expanded its colonial possessions most rapidly in the period 1860--1880, the period which he called "the apex of pre-monopoly capitalist development, of capitalism in which free competition was predominant . . . [77]. On the other hand, the rapid colonial expansion by France and Germany occurred during the period 1880--1899. It is in this latter period "that the boom in colonial annexations begins, and that the struggle for the territorial division of the world becomes extraordinarily keen" [77].

At one point he wrote "that capitalism's transition to the stage of monopoly capitalism, to finance capitalism, is bound up with the intensification of the struggle for the partition of the world" [77-78]. Alternatively, "Imperialism is capitalism in that stage of development in which the dominance of monopolies and finance capital has established itself; . . . in which the division of all territories of the globe among the great capitalist powers has been completed" [89; emphasis added]. The first quote can be interpreted as implying that the causal sequence is somehow reversed (but why would this be?), or that the two phenomena occur simul-

taneously. The second quote limits imperialism to the period after the territorial division "has been completed." Above we quoted five reasons for the push for colonies, the first four of which explicitly refer to monopoly or finance capital as the motivating force. Which way is it? Does monopoly capitalism (the new imperialism) occur simultaneously with, after, or before the territorial division of the world?

Further, Lenin stated that monopoly capitalism "superceded" the old capitalism in Europe and the "domination of finance capital was established" and "exports of capital reached formidable dimensions at the beginning of the twentieth century" [20,46,64]. Since the pre-eminent imperialist power, Great Britain, began its rapid colonial drive 40 years before the turn of the century, and the other two major European powers, some twenty years prior, we can only conclude that the acquisition of territories had nothing to do with monopoly or finance capital, that is, with imperialism as Lenin defined it. Imperialism might remain important in Lenin's theory for the redivision of the world, but not its division [Kiernan 1975:50].

This conclusion is not unreasonable in terms of Lenin's analysis. Referring to the five reasons for the acquisition of colonies listed above (risk, raw materials, capital export, politics and ideology of capitalism, and defense), we can ask ourselves of what importance is monopoly. The only difficult

one is the third, the one dealing with the export of capital. We argued previously that its association with monopoly does not stand up to scrutiny. And neither do any of the others.

Part of the problem is that the term "monopoly" can be used in more than one context. When Lenin spoke of Britain's "monopolist position in the world market" in the middle of the nineteenth century [107], he was using the term with reference to British capitalists collectively, not to the position of specific enterprises. The same is true when he discussed the breaking up of the British monopoly [108]. Lenin did not adequately or properly distinguish between actions of monopoly capitalists and the actions of capitalist governments to create privileged reserves (monopolies) for their respective bourgeoisie, monopolists (at home) or not. If the above list of reasons for colonization is read with this distinction in mind, it makes sense. Otherwise, major logical and chronological problems arise. Lenin's attempt to overcome the problems by claiming "it would be absurd to discuss the exact year or the decade in which imperialism 'definitely' became established" [90] won't do. His analysis and the data that he presents are simply incompatible.

VI. Some Additional Points

In discussing the reasons for and the relative impact of the export of capital on the exporting and recipient countries,

Lenin created logical difficulties for his theory that have not yet been brought into our discussion. He said:

- (1) On the threshold of the twentieth century, we see a new type of monopoly coming into existence. . . . An enormous 'superabundance of capital' has accumulated in the advanced countries [62].

. . . in a few countries capitalism has become 'over-ripe' and . . . capital cannot find 'profitable' investment [63].

- (2) It goes without saying that if capitalism could develop agriculture, . . . if it could raise the standard of living of the masses, . . . there could be no talk of a superabundance of capital. . . . But if capitalism did these things it would not be capitalism; for uneven development and wretched conditions of the masses are fundamental and inevitable conditions and premises of this mode of production [62-63].

- (3) The export of capital greatly affects and 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 countries exporting capital, it can only do so by expanding and deepening the further development of capitalism throughout the world [65].

Capitalism is growing with the greatest rapidity in the colonies and in the overseas countries [97].

- (4) Finance capital has created the epoch of monopolies, and monopolies introduce everywhere monopolist methods: 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 that is granted shall be spent on purchases in the country of issue. . . . The export of capital abroad thus becomes a means for encouraging the export of commodities [65-66].

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 [116].

- (5) 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 the exploitation of the labour of several overseas countries and colonies.

. . .

The income of the bondholders [of Great Britain] is five times greater than the income obtained from the foreign trade of the greatest 'trading' country in the world.

. . .

The world has become divided into a handful of usurer states on the one side, and a vast majority of debtor states on the other [100-101].

- (6) Imperialism . . . creates the economic possibility of corrupting the upper strata of the proletariat . . . [104].

The receipt of high monopoly profits by the capitalists . . . makes it economically possible for them to corrupt certain sections of the working class, and for a time a fairly considerable minority, and win them to the side of the bourgeoisie of a given industry or nation against all the others [126].

First, examine quotes (2), (5), and (6). In (2) Lenin acknowledged that a redistribution of income in favor of a depressed sector of the masses would result in the elimination of the superabundance of capital. Following Marx, he denied the possibility of capitalism solving crises in this fashion. But in (5) and (6), he in effect argued that there is a redistribution process at work--to rentiers and to a strata of the working class. This process would have a tendency to overcome

the crises of surplus capital in a way that Lenin in quote (2) denied would occur.

True, Lenin reasoned that the redistribution process occurs because of the surplus inflow from abroad, but there is no reason, theoretically, to argue that monopoly profits extracted from abroad should be viewed as any different from those extracted domestically, for the purpose at hand. And, true, Lenin argued in quote (2) against the possibility of redistribution to those that need it, as opposed to a transfer to luxury goods consumers and the more well-off among the working class. But again, for purposes of solving crises, it is the spending that matters.

All this is not to deny that surplus from abroad cannot be used to buy off a section of the working class and that under capitalism the redistribution would not likely be in favor of the masses as a whole. Rather, it is to suggest that it is monopoly rather than imperialism that creates the possibility of buying off a section of the working class. In addition, Lenin showed that redistributions, which would tend to solve crises, do occur. (Whether redistributions are undertaken specifically to eliminate crises or not, is immaterial.)

Second, in quote (3) Lenin suggested that the export of capital accelerates the development of capitalism in the backward countries to which it is exported and tends to arrest development in countries from which it is exported. These two

propositions are interrelated, but one does not imply the other. Causality would follow directly for the capital in the exporting country only if capital was not in "superabundance." In addition, in quote (4) Lenin pointed to the increased exports of goods consequent upon the export of capital, and the implication from (5) and (6) is that there is increased domestic consumption on the part of those receiving the surplus from abroad. It is as possible for capital exports to improve as to retard the development of the exporting country.

The third point we wish to make in this section deals with the direction of net capital flow and the existence of a surplus of capital. (See quotes (1) and (3).) Critics of Lenin's theory of imperialism point to empirical data which shows that the net flow of capital is toward the advanced capitalist countries when profit and interest are taken into account. But we do not need to go outside Lenin's work itself, for he implied as much in quotes (5) and (6).

There is an unavoidable contradiction, however, only if one attempts to interpret the existence of a superabundance of capital as resulting from a secular declining rate of profit. As we discussed this point earlier, there is no need to pursue it again here.

If the superabundance of capital is the result of a crisis, then the existence of a capital surplus and the origin

of that surplus are two separate issues. Lenin's theory addresses itself only to the direction (or redirection) of the use of the surplus (or part of the surplus) when a crisis situation occurs. It is perfectly compatible with a year by year net capital inflow to the advanced capitalist countries. (We leave aside the semantic question of the appropriateness of referring to the advanced countries in this eventuality as "capital exporters.")

VII. Conclusion

In Imperialism, Lenin attempted to prove that the rise of monopoly changed the relationship between the advanced capitalist nations and the rest of the world, as well as qualitatively altering the nature of capitalism within the advanced countries themselves. We believe that he succeeded in the latter but not in the former.

Modern imperialism is no doubt rooted in the nature of capitalism. The process may be intensified under monopoly capitalism, but it is not qualitatively altered. The existence of monopoly within the backward areas and its internationalization today by the transnational firm are important issues, but more in understanding the pace and pattern of economic growth in the third world than in explaining the origins of imperialism.

The slogans, rhetorical phrases, and quick summaries that have been extracted from Imperialism and presented as if they

were a theory, may be useful for superficial criticism; however, they are not helpful for theory building or cogent analysis. A theory of imperialism that took monopolies into account would be a contribution to understanding the present world economy. But it is not to be found in Imperialism.

NOTES

1. Lenin undertook extensive research on the subject, the notes of which have been gathered in the 800 page volume, Notebooks on Imperialism [Lenin 1968]. Nevertheless, his research and writing were done under less than the most favorable conditions. He was confronted by limited French, English, and Russian literature, and he wrote "with an eye to the tsarist censorship." He later complained that "[i]t is very painful, in these days of liberty, to read these cramped passages of the pamphlet, crushed, as they seem, in an iron vise, distorted on account of the censor" [Lenin 1939:7].

2. O'Connor provides a useful summary of important criticisms, but then he concludes, rather inexplicably, "Lenin's description of the chief characteristics of the new colonial era--foreign investments, seizure of territory, monopolistic preferences--was therefore largely accurate" [O'Connor 1971:114].

3. We will not be concerned with other works by Lenin in which he expressed ideas about imperialism (e.g., Imperialism and the Split in Socialism, The War and the Second International, or The Development of Capitalism in Russia).

4. Inasmuch as Imperialism is cited numerous times, only the page number will be placed in brackets.

5. We assume that Lenin's equating imperialism and monopoly was a statement of fact (and hence refutable) and not a postulate of identity [Arrighi 1978:10]. In Arrighi's view, the latter approach has led to a situation that "what had once been 'the pride' of Marxism--the theory of imperialism--had become a 'Tower of Babel,' in which not even Marxists knew any longer how to find their way" [1978:17].

6. Magdoff has questioned the importance of surplus capital as a motive for capital export. We agree. However, he goes further to suggest that Lenin did not necessarily place much weight on a superabundance of capital as an explanatory variable [1978:119-128, 270-271]. This is incorrect. Lenin explained the superabundance of capital in terms of monopoly, and it is the latter that distinguishes the new imperialism from the old.

7. After showing that the theoretical argument for a rising organic composition of capital is theoretically deficient and that empirical support is lacking, Wright goes on to suggest that "there is general agreement among Marxists that it was a significant characteristic of nineteenth century capitalism" [1977:209]. From there it is an easy step to a stylized history in which "in spite of an increasing rate of surplus value, there was a definite tendency for the rate of profit to fall" [1977:225; emphasis added]. Unfortunately, Wright says nothing about the actual movement of the rate of

profit nor even bothers to support the case that the organic composition of capital rose sufficiently for the tendency to be invoked.

Parijs, on the other hand, does make an important theoretical point:

[I]f one is prepared to move sufficiently far away from the ideal competitive world that is generally taken for granted in the discussion [of the secular falling rate of profit hypothesis], some room can be made for the possibility (just the possibility) of a fall in the average (not the general) rate of profit, with a constant real wage and profit-maximization as the only criterion in the choice of technique" [1980:11; emphasis in original].

He goes on to say that further possibilities are opened up if non-profit maximizing behavior is assumed. But even this case is of limited usefulness for our purposes, since the argument has to be made on a firm by firm basis, with little ability to generalize.

8. Parijs points out that the falling rate of profit "came to constitute the core of Marxist interpretation of crises" only in the 1930s, with disproportionality or underconsumption put forth as the origin of crises prior to that time [1980:1].

9. Lichthiem wrongly states that Lenin rejected the underconsumptionist argument; he does not properly distinguish between explanation and policy prescription [1971:117].

10. I am grateful to Ricardo Ferrer for emphasizing this point.

11. This conclusion is compatible with the widely held view that while in the late nineteenth century there was considerable monopoly in Germany and the United States, this was not the case in Britain and elsewhere. The response by some in support of Lenin's theory that monopoly did occur later in these countries is in reality support for the argument put forth here. See Lichthiem [1971:118] and Kemp [1972:26].

REFERENCES

- Arrighi, Giovanni. The Geometry of Imperialism. London: NLB, 1978.
- Baran, Paul A. and Paul M. Sweezy. Monopoly Capital. Middlesex: Penguin Books, 1968.
- Barratt Brown, Michael. "A Critique of Marxist Theories of Imperialism." In Studies in the Theory of Imperialism. Ed. by Roger Owen and Bob Sutcliffe. London: Longman, 1972.
- Kemp, Tom. "The Marxist Theory of Imperialism." In Studies in the Theory of Imperialism. Ed. by Roger Owen and Bob Sutcliffe. London: Longman, 1972.
- _____. Theories of Imperialism. London: Dennis Dobson, 1967.
- Kiernan, V. G. Marxism and Imperialism. New York: St. Martin's Press, 1975.
- Koebner, R. and H. D. Schmidt. Imperialism: the Story and Significance of a Political Word, 1840-1960. London: Cambridge University Press, 1965.
- Lenin, V. I. Imperialism: the Highest Stage of Capitalism. New York: International Publishers, 1939.
- _____. Notebooks on Imperialism. Volume 39: Collected Works. Moscow: Progress Publishers, 1968.
- Lichthiem, George. Imperialism. New York: Praeger Publishers, 1971.
- Magdoff, Harry. Imperialism: from the Colonial Age to the Present. New York: Monthly Review Press, 1978.
- O'Connor, James. "The Meaning of Economic Imperialism." In Imperialism and Underdevelopment. Ed. by Robert I. Rhodes. New York: Monthly Review Press, 1971.
- Parijs, Philippe Van. "The Falling-Rate-of-Profit Theory of Crisis: A Rational Reconstruction by Way of Obituary." Review of Radical Political Economics, 12 (Spring 1980); 1-16.
- Sweezy, Paul M. The Theory of Capitalist Development. New York: Monthly Review Press, 1942.
- Wright, Eric Ohlin. "Alternative Perspectives in Marxist Theory of Accumulation and Crisis." In The Subtle Anatomy of Capitalism. Ed. by Jesse Schwartz. Santa Monica, California: Goodyear Publishing Company, Inc., 1977.