

# Imperialism

*by Ray Nunes*

[This pamphlet was originally written in the 1970s, and then updated in the early 1990s. The printed editions of the pamphlet had tables with figures on economic trends]

Imperialism in ancient times meant one country establishing an empire by conquering other countries, enslaving the inhabitants and making them pay tribute to the ruling country. The Roman Empire, the last of the great slave empires of old, brought this system to its highest level.

Modern imperialism is capitalism in its monopoly stage. But this stage is not something totally separated from capitalism. Rather it is a type of superstructure on the old capitalist basis of class relations.

Modern imperialism is also a system of plunder, but it has special features which mark it off from the old empires and even from earlier capitalism. These were thoroughly analysed by Lenin in his famous book *Imperialism the Highest Stage of Capitalism*.

Nineteenth century capitalism was the capitalism of 'free competition' in which small and medium capitalists competed among themselves to get a bigger share of the market. Imperialism, however, is *monopoly* capitalism. This description, Lenin notes, is the shortest possible definition of imperialism because monopoly is its fundamental feature.

When Lenin wrote *Imperialism* in 1916, he studied *all* the important statistics of *all* the big (and many not so big) countries, and most of the important writers on the economic trends of the time.

His analysis of all this objective data revealed five essential features which mark off imperialism as a special, higher stage of capitalism. We shall deal with them one at a time.

## **Concentration and centralisation**

### **Monopoly**

(1) The concentration of production has developed to such a stage that it creates monopolies which play a decisive role in economic life. Concentration also grows through mergers and takeovers, that is, through centralisation of capital. By 'monopoly' is meant a large-scale enterprise or group of enterprises, a few of which can and do dominate an entire branch of industry, commerce or finance.

As everyone knows, we do not have to go overseas to see such concerns. The NZ Sugar Co. (owned by the C.S.R.), the oil companies, Toyota and other car assembly firms, Comalco, Tasman and NZ Forest Products in the field of industry; a few large (Australian-owned) banks and insurance companies, plus a few large companies such as Wrightson NMA in finance, and conglomerates such as Brierley Investments and Fletcher Challenge, these are typical monopoly concerns found in NZ .

Nevertheless, the domination of the monopolies as a basic feature of economic life was first of all developed in the big capitalist countries.

In *Capital* Marx showed how, in fact, monopoly inevitably grows out of free competition. When a small capitalist is unable, for one reason or another, to compete successfully, he is usually forced to sell out cheaply and be 'taken over' by a bigger capitalist. This process repeated many times, brings together larger amounts of capital and brings about bigger productive enterprises; that is, it results in *concentration* of production. This in turn, leads on to monopoly.

The process of creating big companies out of small ones is helped on greatly by economic crises, when small capital goes to the wall very quickly.

Lenin in 'Imperialism' shows with detailed statistics and quotes from leading economists of the period, how concentration of production grew by the end of the 19th century so that, as a result of the impetus given during the slump of 1900, monopoly dominated the main capitalist countries from then on.

### **Concentration of Production in New Zealand**

Wherever monopoly capitalism exists, the process of concentration of production and growth of monopoly still goes on. The following table, drawn from official factory statistics shows how the process has operated here in the recent period.

The above table covers years for which figures have been published. From this it can be seen that, after rising in 1970, the number of small factories employing 20 or less dropped in 1981 somewhat below the 1954 level. But the percentage of the labour force employed in such factories has actually been halved in the same period, from 31.7% to 15.7%.

By contrast, the few factories employing over 100 (470 in 1981 against 213 in 1954) more than trebled the total they employ, while the percentage of the work force involved in them has risen a striking 25.7% to 59.2%.

So we see a clear picture - thousands of small factories yet with less than one-sixth of the factory work force; a handful of big factories - yet with three-fifths of the factory work force. That is concentration of production!

A similar picture is shown if we take the figures for Value of Production in manufacturing industry.

Here, out of a total of 10,597 establishments, there are only 340 with a net output of \$500,000 and over. But the value produced by this handful of enterprises is

\$1,783,489,000 or 49.6% of the total value of production of \$3,597,403,000. (NZ Yearbook 1973, p.489. Note: there have been no 'Value of Production' statistics issued since then.)

Thus it can be seen that in New Zealand, small as it is, a few giant concerns mean everything economically, while thousands of small concerns mean very little. Monopoly is king!

Monopolies go under several different names, such as combines, trusts, syndicates, cartels, conglomerates and multinational corporations, all words which mean either a single very big concern or an alliance of big concerns. However, where an agreement exists for cooperation between two or more monopolies of different countries the term "cartel" has been commonly used.

Although monopolies dominate under modern capitalism, there are still many medium and small firms and many small farmers, and *competition* still exists in several forms. First, between the monopolies and the non-monopolistic enterprises - which usually results in the latter having to accept below average profits to stay in business. Second, between the monopolies themselves. A sole monopoly (eg. sugar, in New Zealand) is not so common, and there is often fierce competition between the few monopolies that control an industry, as in steel or car production in the United States (or beer in New Zealand). And third, as monopolies are frequently alliances of capital, competition exists within the monopolies for domination by one group or another.

'Monopoly, which has grown out of competition' wrote Lenin, 'does not abolish the latter, but exists alongside it and hovers over it, as it were, and, as a result, gives rise to a number of very acute antagonisms, friction and conflicts. Monopoly is the transition from capitalism to a higher system'.<sup>1</sup> That is, it is socialised production brought to its highest pitch, which needs only social ownership and working-class rule (the dictatorship of the proletariat) to become socialism.

The idea that society can return from monopoly capitalism to a system of free competition is a reformist swindle, a reactionary petty-bourgeois dream. Free competition has been transformed for scores of years into monopoly capitalism. There is no going back. 'Even if monopolies have now begun to retard progress [written in 1916. RN] it is not an argument in favour of free competition, which has become impossible since it gave rise to monopoly.'<sup>2</sup>

### **'Finance-Capital' and Its Role**

It is a feature of capitalism in its imperialist stage that a few big banks monopolise great sums of money capital. Monopoly grows in banking just as in other fields, by a process of concentration and centralisation in which small banks are squeezed out by big banks.

Originally the banks were small intermediaries between people with some spare cash to lend and small capitalists who needed money to expand production. As they became monopolies their command of available money capital enabled them to lay down conditions to big industrial concerns needing loans. It became their practice to place their men on boards of directors of factories indebted to them so as to be 'satisfied' as to the policy being followed by the borrower. From this it was no great step to buying up shares (possibly a controlling interest) in the same company, and for a gradual merger to take place between banking capital and industrial capital.

Marxists give the name of 'finance-capital' to this union of two sorts of capital.

Thus is created a 'financial oligarchy', a small, ruling group of a handful of big finance-capitalists who between them exercise control over all the major banks and industries.

This then, is the second essential feature of Lenin's definition of imperialism:

**(2) The merging of bank capital with industrial capital and the creation, on the basis of 'finance-capital', of a financial oligarchy.**

In all the developed capitalist countries today the financial oligarchy dominates economic life.

**Finance capital, concentrated in a few hands and exercising a virtual monopoly, exacts enormous and ever-increasing profits from the floating of companies, issue of stock, state loans, etc., tightens the grip of the financial oligarchies and levies tribute upon the whole of society for the benefit of the monopolists. <sup>3</sup>**

The cornerstone of this system of domination is the 'holding company'. It is so called because it holds the controlling interest in two or more subsidiaries

It used to be the case that 25 to 30 per cent of a company's shares was enough to constitute a controlling interest, as small shareholdings could not unite to challenge such a block of shares held by a holding company. In these days when 'corporate raiders' secretly buy up small shareholdings it needs 51 per cent for sure control. Often financed by banks, such 'raiding' is a feature of modern monopoly capitalism, reflecting competition between blocs of finance-capital for economic supremacy. These

subsidiaries in turn possess 'daughter companies', each of which has its own offspring, which own their subsidiaries and so on, and so on. Thus a pyramid of companies can be assembled under the ownership of a central holding company, which by these means exercises control over tens of millions of capital - far more, in fact, than the capital of the parent company.

At the head of each holding company we find one or a few directors, who also sit on the boards of various subsidiaries and, because of their spread of shareholdings, on the subsidiaries of other holding companies, drawing profits from them all. In any list of big directors in any sizeable capitalist country you will repeatedly find the names of the same people - directors of banks, insurance companies, investment companies, conglomerates, big primary producers, retail and wholesale chains etc. They are in reality the financial oligarchy who collectively control the economy - and the governments which serve them.

Is there such a financial oligarchy in New Zealand? The *Auckland Star* of 28 July 1987 quotes a 'Personal Investment' Magazine list of the richest people in New Zealand which says that: 'The combined wealth of the 75 individuals and 25 families on the list is almost \$9 billion, enough to pay off 43 per cent of New Zealand's national debt.' There is New Zealand's financial oligarchy in a nutshell!

Under capitalism money capital is usually separate from that used in production. This feature becomes very pronounced under imperialism, where money is provided by the finance capitalists of a big country to be used in very profitable production thousands of miles away in countries where they exercise special 'rights'.

### **(3) Export of Capital Becomes Typical**

In the early period of capitalism the export of goods is typical. But with the rise of monopolies the export of capital becomes the typical feature. Why is this, and what does it lead to?

In the biggest capitalist countries it has generally been the case that the capitalist class has been able to make big profits from industry and trade, but not from agriculture. This arises from the existence of a monopoly in land ownership (there is a limited amount of land, too) and a backward state of agriculture. Thus there is a general tendency for surplus capital got from industry to mount up which cannot be invested 'at home', at least profitably.

The era of monopolies (imperialism) brings with it vast accumulations of surplus capital. The investment of this capital abroad becomes a pronounced feature as its owners seek high monopoly profits in colonial and dependent countries.

**As long as capitalism remains what it is, surplus capital will never be utilised 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; it will be used for the purpose of increasing those 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.** <sup>4</sup>

The direct investment by the capitalist monopolies of a few big powers in the backward countries has been the source of a steady flow of immense profits to the investors. Lenin called these 'super profits', because they were over and above the average profits that capital could realise in the 'home' country. This is the first form of capital export.

In addition, there are loans made by finance-capital in the big countries to governments elsewhere. This is the second form of capital export, loan capital. The interest on these loans is also a source of super profits. For the most part such loans used to be on a government to government basis, but since the 1970s private banking has taken an increasingly large role in lending to governments.

The lending country (or its banks) will usually stipulate that the loan money be spent in the lender's country, thus catching the borrower 'coming and going'. This is the favourite form of 'aid' swindles to exploited dependent countries, which have to use the 'aid' money to pay highly-inflated, monopoly prices for arms and capital goods they lack, and then are called on to repay the loan at usurious interest, either in hard currency such as US dollars or by export of their few basic products - perhaps metallic ores or industrial crops - at heavily marked-down prices yielding immense profits to the lenders.

In the period before World War I, British capital had a monopoly position in regard to investments in British colonies. As Britain was the biggest colonial power, this gave British capitalists a privileged position as compared to others. Of course, this situation has changed today. Until recently the United States was by far the biggest exporter of capital, and consequently the biggest world exploiter. Japan now challenges that position but lacks the military strength to be an imperialist superpower.

Thus the third essential feature of imperialism is: The export of capital has become extremely important as distinguished from the export of commodities.

#### **(4) The Division of the World Among the Capitalist Combines**

Monopolies came into existence in the big capitalist countries out of competition, i.e. through struggle. A few big concerns which dominate a branch of industry arise, and to avoid mutual destruction come to an agreement between themselves as to prices, share of the market, amount of production and so on.

But the home market is bound up with the world market which capitalism creates in its earlier stage. Consequently the process of monopoly struggle and agreement is extended to the world scene.

The struggle of the German and American monopolies for domination in the oil industry and the electrical industry is cited by Lenin in detail as an example of the world struggle of the monopolies for the division of the world. Such struggles usually ended in agreement between the monopolies, which allocated the countries in which each one would have the dominant place as to production, sales, distribution and so on. Naturally the chief spoils would go to the stronger monopoly.

This division of the world - the capitalist world, that is - between the capitalist combines is still a feature of the present day world. Oil, chemicals, electrical equipment, aluminium, armaments, various metals and other raw materials are just a few of the many items which are the subject of monopolistic agreements.

In the present period we find that in most of the advanced capitalist countries the monopolies are merged with the state to form state-monopoly capitalism.

In his books and articles from the time he was writing *Imperialism* (January-June, 1916), Lenin repeatedly pointed to the growing role of the state in relation to the monopolies. After mentioning different aspects of this in connection with the banks, and the division of the world between the capitalist combines, he writes:

**We see plainly here how both 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 monopolies for the division of the world.<sup>5</sup>**

In articles following on from *Imperialism* Lenin pointed to the growth of state monopoly. He draws attention to certain essential features in the growth of state monopoly, particularly, as in wartime Germany, in which ‘the economic life of 66 million people is directed from one centre. Tremendous sacrifices are imposed on the vast majority of the people in order that the “upper 130,000” can pocket thousands of millions in war profits, and that millions die in the shambles for the enrichment of these “finest and noblest” representatives of the nation.’<sup>6</sup>(December, 1916)

And further: ‘If, for instance, Germany can direct the economic life of 66 million people from a single centre, and strain the people’s energies to wage a predatory war in the interests of 100 or 200 financial magnates or aristocrats, the monarchy, etc., then the same can be done in the interests of nine-tenths of the population, by the non-propertied masses if their struggle is directed by class-conscious workers, liberated from social-imperialist and social-pacifist influence.’<sup>7</sup>

The same idea is expressed in this view: ‘The extent to which present-day society has matured for the transition to socialism has been demonstrated by this war, in which the exertion of national effort called for the direction of the economic life of over fifty million people from a single centre.’<sup>8</sup>

Lenin adds: ‘State control of industry has made progress in Britain as well as in Germany. Monopoly, in general, has evolved into state monopoly. The objective state of affairs has shown that the war has stepped up capitalist development, which has moved forward from capitalism to imperialism, from monopoly to state control.’<sup>9</sup>

We see from the above quotations that Lenin is approaching a fully-formed concept of state monopoly capitalism as a further development of monopoly capitalism. In April 1917 he writes: ‘The concentration and internationalisation of capital are making gigantic strides; monopoly capitalism is developing into state monopoly capitalism.’<sup>10</sup>

Is ‘democratic’ America some exception to this trend? By no means. Lenin’s description is accurate. ‘In Germany there are only four very large private banks. In America there are only two [this was in 1917]. It is easier and more convenient, more profitable for the financial magnates of those banks to unite privately, surreptitiously, in a reactionary and not in a revolutionary way, in a bureaucratic and not a democratic way, bribing government officials (this is the general rule both in America and in Germany) and preserving the private character of the banks in order to preserve secrecy of operations, to milk the state of millions upon millions in “super profits”, and to make financial frauds possible.

'Both America and Germany "regulate economic life" in such a way as to create conditions of *wartime penal servitude* for the workers (and partly for the peasants) and a paradise for the bankers and capitalists. Their regulation consists in "squeezing" the workers to the point of starvation, while the capitalists are guaranteed (surreptitiously in a reactionary-bureaucratic fashion) profits *higher* than before the war.'<sup>11</sup>

And lastly, writing of the Russian Sugar Syndicate, he says: 'This sugar syndicate is an object lesson in the way capitalism develops into state-monopoly capitalism.'

'And what is the state? It is an organisation of the ruling class - in Germany, for instance, of the Junkers and capitalists, and therefore ... is in fact wartime state-monopoly capitalism, or, to put it more simply and clearly, wartime penal servitude for the workers and wartime protection for capitalist profits.'

In his article written in September, 1917: 'The Impending Catastrophe and How to Combat It', Lenin makes clear that state monopoly capitalism is a *further development* of capitalism, a *new stage* beyond *ordinary* monopoly capitalism.

Following World War II, state monopoly capitalism expanded enormously, taking on new forms.

First, mass working-class pressure in a number of countries forced the nationalisation of many big enterprises, so that in France and Italy, for example, very soon after the Second World War ended, about 25 per cent of enterprises were state-owned. Besides this, the state had achieved centralized control over the economy in many capitalist countries during the war, but nevertheless the monopolies dominated and controlled the state machine through the financial oligarchy.

Secondly since World War II there has been a vast increase in the number of joint private (monopoly) and state enterprises, very many of them in third world countries which had won independence through anti-imperialist revolution but lacked capital for development. Through such enterprises Western monopolies established control over vast raw material resources.

And thirdly, many international consortiums have been established, each involving several states, with groups of giant monopolies controlling particular industries. One of the best-known of these is the European Steel and Coal Community, uniting the iron and steel industries of West Germany, France, Italy, Belgium, Holland and Luxemburg.

International consortiums were also formed in banking. In 1964 the first banking consortium was formed by Midland Bank (Britain), Dominion Bank (Toronto) and the Commercial Bank of Australia. This was quickly followed by dozens of others uniting most of the main banks in the United States, Europe, Britain etc. By 1981, the ten largest United States banks were making about half their total profits abroad. (Source: *The World's Money*, by US economist Michael Moffitt.)

Despite its small size and lack of economic might as compared to the USA, Britain, Japan, Germany etc., New Zealand is a good example of state monopoly capitalism, where the monopolies are closely interwoven with the state in a number of major enterprises - Tasman (forestry), Kapuni (oil), Comalco (aluminium) and the so-called 'Think Big' enterprises such as Petrocorp and NZ Steel, which the 1984 Labour government sold at bargain prices at the time of writing to the ruling group of finance-capitalists. The monopolies' representatives also play a dominant role in key state bodies directing and controlling economic life, such as the Reserve Bank, The Wool Board, Meat Board, the NZ Export-Import Corporation etc.

Besides the 'old-style' monopolies there are also the multinational concerns. These are monopolies which are world-wide in scope and, because of their very size, are capable of operating over a number of different countries to take advantage of the most profitable and suitable conditions for production of particular components or perhaps the whole product. Usually their activities are carried on under agreements with particular states for guaranteed cheap supplies of necessary raw materials, or with guarantees of low wages and low or no taxation. Thus in many cases vehicle and electronics production are spread over a number of cheap labour countries such as Mexico, Taiwan, South Korea, the Philippines, the Dominican Republic, and nowadays, China.

According to *The World's Money*, by Michael Moffitt (Simon and Schuster, 1983): 'For US multinationals, foreign investment and overseas production are much more important than exports.' (p. 38)

Speaking of the period following the Second World War and the Bretton Woods Agreement, Moffitt says: 'With a secure financial framework in place, multinational business blossomed. United States-based multinationals went abroad to produce automobiles, mine copper and grow bananas. Foreign investment quickly became essential to the health of America's biggest corporations'. (Ibid., p. 42)

The New Zealand state has its own arrangements with the multi-national Comalco, to which it supplies low-cost electric power (subsidised by the domestic consumers) for

processing Queensland bauxite into aluminium for a Japanese-Australian-New Zealand consortium.

'The capitalists divide the world', said Lenin 'not out of malice but because the degree of concentration which has been reached forces them to adopt this method in order to get profits. And they divide it in proportion to capital, in proportion to "strength" because there cannot be any other system of division under the system of commodity production and capitalism'. 12

The struggle between national groupings of monopolies for the *economic* partition of the world is closely related in history to the struggle of the great capitalist powers for the *territorial* division of the world.

### **(5) The Great Powers Divide the World**

In the last 40 years of the 19th century, and particularly from 1880 to 1900, a great race to seize colonies took place between the major world powers. By 1900 the big powers had completed the seizure of all weak or unoccupied territories, including all Africa and Polynesia.

This race was no accident but arose directly out of the growth of monopoly capitalism, when the ruling monopoly groups of each big power sought to assure for themselves control of areas where *they* would have exclusive access to markets, sources of raw materials and sources for investment of surplus capital. To deny these to their competitors was nearly as important as obtaining them for themselves.

But the complete territorial division of the world meant that the world could 'provide' no more colonies for the big powers to exploit except through a *redivision* of the already-divided world. An understanding of this is essential to an understanding of the origins of the two world wars that have taken place in this century.

In criticising the 'United States of Europe Slogan', Lenin wrote in 1915 that under capitalism the even economic growth of individual enterprises, or individual states, was impossible. And in fact the faster rate of economic development in Germany after 1871 as compared to Britain and France led to its becoming stronger than either and hence demanding a redivision of the world. But in an already divided world, force is the only means of carrying out a new division. Hence World War I. Similar imperialist causes underlay World War II.

The law of uneven economic and political development to which Lenin drew attention at this time as an absolute law of capitalism had important consequences. Formerly it had been generally believed by Marxists that the socialist revolution would occur in many countries more or less at the same time. Lenin, however, concluded that because uneven development became very pronounced under imperialism, it was possible that the revolution could take place and socialism be established in one country taken singly or in a few countries. He pointed out that this would occur by imperialism being broken at its weakest link.

This was a new theory of revolution which paved the way for the victory of the socialist revolution in Russia and the building of socialism in one country, begun under Lenin and carried on under the leadership of Stalin.

The five essential features which we have so far considered are all *economic* features. Nevertheless, taken as a whole they enable us to say that at about the end of the 19th century capitalism definitely entered a new stage in its history, a stage of *imperialism*.

Lenin called it the highest stage of capitalism because it had reached the point where it was ready to pass into socialism, certain features of which had already begun to reveal themselves, as, for instance, in the immense socialisation of labour that had taken place, which required only the socialisation of ownership and working-class rule (the dictatorship of the proletariat) to effect the transition to socialism.

### **Imperialism is Parasitic or Decaying Capitalism**

It is a law of historical materialism\*\* that a class-divided social system which in its early stages assists the advance of the productive forces eventually reaches a point where it acts as a brake on their further development.

Capitalism in its imperialist stage has reached this point, for there is a constant tendency, even though some technical progress still continues, for monopoly to eliminate competition and thus retard the development of the productive forces generally. It is well known that the monopolists in one industry or other will buy up patents for improvements in order to suppress them and thus maintain high monopoly prices for their product.

Through the export of capital imperialism also creates a class of bondholders, 'coupon-clippers' or 'rentiers', people who are shareholders in tin, rubber, gold etc., companies in the colonies, semi-colonies and dependent countries. They were called coupon-clippers

because all they needed to do to get big incomes was to clip their share coupons and cash them. Nowadays the same principle applies, but such transactions are, of course, done by computer transfer. Profits from such foreign investments are so large that, even in the case of a great trading country such as Britain, they far exceed the revenue from foreign trade. States with large-scale investments of this type become in effect 'rentier' (bondholder) states. This is *parasitism on a massive scale*. But the very size of colonial profits turns attention away from maintaining technical progress at home and thus tends to reduce the rate of development of industries in the investing country. For this reason parasitism has been an important factor in the decline of a once-dominant Britain.

Up to the 1980s the United States was by far the greatest exporter of capital. According to the *Economic Handbook of the World*, 1981: 'The size of its economy makes the United States both the largest recipient and the principal source of international investments ... At the end of 1979, US direct investment abroad amounted to US\$192.6 billion'. (p.486).

Of this amount 43 per cent was in manufacturing (\$88.6 billion), while 22 per cent was in petroleum (\$42.4 billion). Without giving figures, the same article, speaking of the US balance of payments problems on p.486 says: 'The contribution of *earnings from US investments abroad helped considerably on current account*'. (Our emphasis).

The US imperialists derive enormous profits from parasitism. In recent years they have lost ground to Germany and Japan in technical progress. Thus, inter-imperialist competition has greatly intensified.

## II

### **The Connection Between Opportunism and Super Profits**

Opportunism is the tendency within the working class movement towards collaboration with the capitalist class, towards adapting the interests of the working class to those of the capitalist class.

When one looks at a country such as NZ it is apparent that opportunism is quite strong in the working class here. Only a small minority are even socialist in outlook, let alone Communist. The majority support the bourgeois Labour Party, some support the National Party. A similar position exists in most English-speaking lands.

While there has been and is a massive propaganda war waged by imperialism against the ideas of socialism and Communism, this in itself is insufficient to account for the strength of opportunism. The propaganda would not take root were there not an economic and social basis for opportunism.

In a number of works Lenin very clearly exposes the connection of opportunism with imperialism. In one of them he wrote:

**The bourgeoisie of an imperialist 'great power' can economically bribe the upper strata of 'its' workers by devoting a hundred million francs a year or so to this purpose, for its super-profits most likely amount to about a billion. And how this little sop is distributed among the labour ministers, 'labour representatives' .... labour members of War Industry Committees, labour officials, workers belonging to the narrow craft unions, office employees, etc, etc, is a secondary question.<sup>13</sup>**

A part of British imperialism's super profits is passed on in various forms to countries such as NZ which form part of their imperialist bloc and which provide military assistance to Britain to help crush national independence struggles, which might endanger the very source of super profits. (eg Malaya, Singapore etc.)

It is a fact that for much of its history New Zealand has been able as a rule to obtain longterm agreements with Britain to take the greater part of her primary products at relatively stable, high prices. Even though diversifying its markets in recent years, it has been able to share in a similar way in US and Japanese super profits by stable, high export prices.

This is the main way in which the New Zealand ruling class obtains imperialist super profits which provide, here as elsewhere, the *economic* basis of opportunism. A part of these super profits goes to bribe a sizeable upper layer of the working class here. This layer constitutes a *labour aristocracy*, which is the *social* basis of opportunism.

The methods of ruling class bribery to which Lenin pointed are still flourishing, along with some modern refinements.

In New Zealand, as elsewhere, the labour aristocracy fully answers Lenin's description of it as the principal social (not military) support of the bourgeoisie in our day.

Since the Second World War many former colonial peoples have won national independence by waging powerful national liberation struggles. These struggles have

greatly weakened imperialism, and are still undermining it. Witness the heroic struggle of the Viet Nameese and the other Indo-Chinese peoples, and the blows delivered against Portuguese fascism by liberation fighters in Angola and Mozambique, by which they achieved independence. In Central and South America intense national liberation and anti-imperialist struggles are still going on, undermining US imperialism further.

Thus, one essential feature of imperialism has undergone a substantial change. The imperialists can no longer claim direct possession of the colonies. Nevertheless, colonial exploitation has not ended; the big powers still export capital, still own large raw material sources, still have certain market privileges in many former colonies.

They have been compelled to find less obvious forms of exploitation, but they have generally been able to establish in their former colonies bourgeois regimes under restricted constitutions which guarantee protection of their investments.

This system, known as neo-colonialism, still brings in a large flow of super profits. But it is harder for the old imperialisms - Britain, France etc, to maintain their former privileged position in the absence of territorial possession. US capital has been able to push them out of many sectors because it is stronger.

In some former socialist countries the imperialists, having been thrown out by socialism, have returned under revisionism\*\*\*. In China, for instance, the revisionists have opened up the country to foreign capital, enabling imperialism to utilise cheap Chinese labour to exploit China's resources in the best neo-colonial fashion. Recently the NZ press carried an advertisement for an ultra-cheap TV set, saying: '**How can this "quality" set be so inexpensive** - - The high quality Japanese and Chinese components are assembled in China in a modern Japanese/Chinese joint venture factory - therefore taking advantage of China's very low labour rates.' (See *New Zealand Herald*, November 21 1987).

The increasing contradictions of imperialism are everywhere forcing the monopolists to intensify exploitation at home and abroad. In doing so they rouse the resistance of the mass of the people and create conditions for the development of an anti-imperialist alliance between the working class of the exploiting countries with the oppressed people of the dependent countries.

The contradictions between the various national monopoly groupings, the competition between them for privileged positions in the third world, makes it more and more difficult

for any of them to maintain a monopolistic position for a long time, and thus to continue their bribery of the labour aristocracy on the former scale.

The above counteracting features to the continued domination of opportunism in the working class movement are growing in strength. They are bound to provide an objective basis for increasing revolutionary, socialist consciousness among the workers here and elsewhere.

### III

#### **The Political Character of Imperialism**

The transition from the earlier capitalism to imperialism was marked by a huge growth in the armed forces of the great powers. Their purpose was twofold - to suppress the working class internally and to seize and hold colonies abroad against the competition of the other imperialists.

Monopoly capitalism opened an era of the most intense repression. Internally the screwing up of exploitation at the very time that great masses of workers were being concentrated in huge factories brought about a sharp increase in class struggle. The ruling class response was to strengthen the 'military-bureaucratic state machine' to the utmost.

Externally imperialist rivalry was intense. Bloody colonial conquest was superseded by even bloodier world war, and the process was repeated only a generation later.

Historically, then, imperialism has proved itself in practice to be 'the epoch of finance capital and of monopolies, which introduce everywhere the striving for domination, not for freedom. The result is reaction all along the line, whatever the political system, and an extreme intensification of existing antagonism in this domain also. Particularly acute becomes the yoke of national oppression and the striving for annexations...' <sup>14</sup>

This is the political essence of imperialism - extreme reaction all along the line. In our time we have seen this in practice in the rise of Nazism and Fascism and the establishment of United States imperialism as the world's policeman, relying on nuclear supremacy.

This feature, coupled with the enormous military-bureaucratic state machine of imperialism, makes the revisionist notion of a peaceful transition to socialism an utter

impossibility. In practice it is the grossest treachery to the working class, masking a policy of the most abject opportunism and fawning on the monopolists.

### **The Threat of a New World War**

The Marxist attitude towards war was succinctly expressed by Lenin in his pamphlet, 'Socialism and War', written in August 1915. Its opening paragraph said:

**Socialists have always condemned wars between nations as barbarous and brutal. Our attitude towards war, however, is fundamentally different from that of the bourgeois pacifists (supporters and advocates of peace) and of the anarchists. We differ from the former in that we understand the inevitable connection between wars and the class struggle within a country; we understand that wars cannot be abolished unless classes are abolished and socialism is created; we also differ in that we regard civil wars, i.e., wars waged by an oppressed class against the oppressor class, by slaves against slaveholders, by serfs against landowners, and by wage-workers against the bourgeoisie, as fully legitimate, progressive and necessary. We Marxists differ from both pacifists and anarchists in that we deem it necessary to study each war historically (from the standpoint of Marx's dialectical materialism) and separately. There have been in the past numerous wars which, despite all the horrors, atrocities, distress and suffering that inevitably accompany all wars, were progressive, benefited the development of mankind by helping to destroy most harmful and reactionary institutions (eg, an autocracy or serfdom) and the most barbarous despotisms in Europe (the Turkish and the Russian.)<sup>15</sup>**

We see from this that Marxists distinguish just wars (wars of liberation of an oppressed class or nation) from unjust wars - wars of oppressor nations and classes against the oppressed, and wars of an imperialist character, such as those between imperialist blocs for world domination, or to destroy socialist states. They support just wars and oppose unjust wars.

Wars are inherent in capitalism because of its class nature, its internal contradictions. But world wars are a product of the imperialist stage of capitalism, when the world is divided up between the biggest capitalist powers and only force can redivide it.

Two world wars and countless 'minor' wars have resulted from the clash of rival imperialisms, from the internal contradictions\*\*\*\* of imperialism as a world system.

World War I was the outcome of a struggle between different groups of ruling monopolists for the redivision of an already-divided world. Two groups of imperialist bandits, armed to the teeth, forced gigantic armies of workers and peasants to slaughter each other in order to determine which gang of billionaires should 'own' the colonies and dominate the world. One unexpected result was the detachment of Russia from world capitalism through the socialist Revolution of November 7, 1917.

World War II began in the same way. But the existence of the socialist Soviet Union was a new factor in the situation. Every attempt of Stalin and the Soviet Union to organise a collective security alliance with the Western powers against the threat of Nazi German expansionism was blocked by the blind hatred of the Anglo-French monopolists for the USSR and its policies. They sabotaged every attempt at a possible agreement and instead appeased Hitler by handing to him Czechoslovakia and Austria in order to push him East, against the USSR. Certain pro-fascist circles in both Britain and France were not at all averse to joining hands with Hitler in a war against the Soviet Union.

Faced with the prospect of a West-European coalition aimed at its destruction, the Soviet Union signed a non-aggression pact with Germany. Bourgeois politicians and historians have since told mountains of lies about it, always calling it an 'alliance'. It was no more an alliance than were the non-aggression pacts the Soviet Union had at the time with Poland and China, simply an undertaking not to attack each other or to support any third party in such an attack. But it threw a spanner into the imperialist works. Instead of turning East and attacking the Soviet Union under Anglo-French prompting, Hitler turned West and upset any ideas of a rapprochement with him directed at the USSR. Later, the second imperialist war did change its character when Hitler invaded the land of socialism. But it did not change the nature of the imperialists. After the defeat of the Axis powers (Germany, Italy and Japan) the USA, which had become the greatest imperialist power and the sole possessor of atomic weapons, used this possession to begin a 'cold war' against the Soviet Union even before the war was over, and shortly after the defeat of Japan began to threaten a 'preventive war'.

This is part of the historical background to the world situation today. The growth of revisionism, the consequent restoration of capitalism in the Soviet Union and among its satellites, and in China, are dealt with in a separate pamphlet.

### **Imperialism and Nuclear War**

Pointing out that 'pacifism, the preaching of peace in the abstract, is one of the means of duping the working class,'<sup>16</sup> Lenin declared: 'Under capitalism, particularly in its

imperialist stage, *wars are inevitable*'.<sup>17</sup> (Our emphasis). We have already shown why this is so: that the world can only be partitioned in accordance with the relative strength of the powers, and that strength changes with the course of economic development. Consequently, 'There is and there can be no other way of testing the real might of a capitalist state than by war. War does not contradict the fundamentals of private property - on the contrary, it is a direct and inevitable outcome of those fundamentals'.<sup>18</sup>

Capitalism and imperialism have not changed their essential character in this respect one iota.

### **Two possibilities**

Not long after World War II the USSR acquired nuclear weapons but in Stalin's time the socialist states were still defenders of world peace. Khrushchev, in a series of revisionist measures, restored capitalism and converted Russia into a social-imperialist (socialist in words, imperialist in deeds), aggressive, nuclear-armed superpower heading an imperialist alliance - the Warsaw Pact - not different in essence from the Nato pact headed by the United States. China has since also become social-imperialist, secretly allied with the United States.

Nevertheless, despite the renegacy of the Russian and Chinese revisionists, the basic features of a correct Marxist-Leninist attitude towards a new world war are still the same as those outlined in the polemical reply to the Soviet revisionists, *Two Different Lines on the Question of War and Peace*, prepared and published in China in 1963 under the direction of Mao Tse-tung:

**'Marxist-Leninists hold that while pointing to the possibility of preventing a new world war, we must also call attention to the possibility that imperialism may unleash a world war. Only by pointing to both possibilities, pursuing correct policies and preparing for both eventualities can we effectively mobilize the masses to wage struggles in defence of world peace. Only thus will the socialist countries not be caught unawares and utterly unprepared should imperialism force a world war on the people of the world.'**

The last sentence is out of date inasmuch as the 'socialist camp' no longer exists. Nevertheless there are still substantial forces among the peoples in both blocs capable of preventing the outbreak of a third world war if united in a firm anti-imperialist (and anti social-imperialist) front.

No-one can say for certain what the final outcome of a world nuclear war would be, except that the extent of mass destruction would be on a scale previously unknown.

So far mass international pressure has played a definite role in preventing the outbreak of a new world war. The question of arousing mass opposition to the threat of nuclear war is inseparable from the struggle against imperialism and social-imperialism. It is not simply the existence of nuclear weapons in itself that is the gravest danger to peace, but their possession by imperialist powers set on dominating the world, driven on by the deepening internal contradictions of imperialism. That is why Mao put the question in this way: Either revolution overthrows imperialism and prevents world war, or world war will lead to the overthrow of imperialism by revolution.

### **The Eve of Revolution**

Lenin's study of the economic features of imperialism led him to the conclusion that 'we must define it as capitalism in transition, or, more precisely, as moribund capitalism'.<sup>20</sup> That is to say, he regarded capitalism as historically on the point of death as a social system, as being already over-ripe for the transition to socialism.

The basis for this conclusion consists first of all in the great sharpening of the basic contradiction of capitalism, the contradiction between the social character of production and the private character of appropriation, that takes place in the epoch of imperialism. On the one hand there is an enormous extension of social production - ever vaster factories and enterprises grow up, employing an ever greater proportion of the work force. (Take the example of General Motors in the United States. Not only is it directly one of the biggest employers in the US; but it also obtains parts and materials for its products from a network of hundreds of large and medium factories which depend on it for survival.) But this extension of socialised production takes place within the framework of capitalist property relations. A handful of giant companies - particularly those known today as the multinationals - own the bulk of the wealth produced. (According to United Nations statistics, 37,000 of them own one third of the entire production of the world).

The sharpening of the basic contradiction of capitalism leads to a sharpening of all the other contradictions of imperialism; between labour and capital; between the oppressed nations and a handful of exploiting imperialist countries; and between the imperialist states (or groupings of states) themselves. The intensifying of these contradictions further hastens the decay of capitalism in its imperialist stage. It stimulates the development of precisely those social forces which are the agency of revolution - the

working class and the oppressed peoples. Thus capitalism is ripe for its overthrow by the forces of socialism. For this reason Lenin called imperialism 'the eve of the proletarian social revolution' in the preface to the French and German editions of his book *Imperialism*.

At the same time Lenin pointed out that the shell of capitalist property relations may continue in a state of decay for a fairly long period (particularly if the cure of the opportunist abscess is protracted.) While this abscess is still not 'cured' in many countries, developments since Lenin's lifetime have further weakened imperialism internally. Among these we must include the great changes resulting from World War II, the historic victory of the Chinese Revolution and the great national liberation struggles waged by the colonial and dependent peoples. It is indeed 'moribund capitalism' that we see today ever more frequently plunging into the throes of recessions.

Thus the Marxist-Leninist analysis of imperialism provides not only an understanding of its five main economic features but also explains why imperialism is violence and political reaction all along the line; why, too, it is parasitic and moribund capitalism, rotting from within, ripe and over-ripe for the transition to socialism by way of socialist revolution. In addition, it provides the key to such developments as the present (February 1991) war of the US-led imperialist coalition against Iraq, which is a war of aggression to achieve permanent United States military control over the entire Middle East and its oil resources, and to re-establish United States hegemony in the imperialist world.

### **Review questions for self-study**

1 Consider why 'free competition' gives rise to concentration of production which leads on to monopoly. Does monopoly totally exclude competition?

2 What role do finance capital and the financial oligarchy play in developed capitalist countries?

3 Discuss both forms of capital export to colonies and neo-colonies. Consider 'foreign aid' programmes in relation to capital export. Also, what role does the latter play in regard to New Zealand?

4 'The Division of the World Among the Capitalist Combines' is still a feature of the present-day world. In this connection, consider the role of the capitalist state in different

cartel arrangements and if New Zealand firms are involved in arrangements as to prices, share of the market, amount of production etc.

5 With the division of the world between the big capitalist powers, what role is played by the law of uneven economic and political development in relation to a) the possibilities of revolution and of building socialism in the event of success, and b) in relation to the inevitability of war?

6 Does the parasitism inherent in imperialism affect its viability as a system?

7 What connection have imperialist super-profits with the 'labour aristocracy' and its role internationally and in New Zealand?

8 Consider the question of imperialism and war in relation to nuclear weapons. What role do the contradictions within imperialism play in this connection?

#### NOTES

**1 Lenin, V I *Imperialism, the Highest Stage of Capitalism*, sel. wks., 12 vol. edn., vol. 5, Chapter 7, p. 80.**

**2 Ibid., chap.9, p. 104.**

**3 Ibid., chap.3, p. 47.**

**4 Ibid., chap.4, p. 57.**

**5 Ibid., chap.5, p. 65.**

**6 Lenin, V I *Principles involved in the war issue*, coll. wks. vol. 23, pp157-158.**

**7 Ibid., p. 210.**

**8 Ibid., p. 269.**

**9 Lenin, V I *Report on the current situation April 24*, coll. wks. vol.24, p. 240.**

**10 Ibid., p. 305.**

**11 Lenin, V I *The impending catastrophe and how to combat it*, coll. wks. vol. 25, pp333-34.**

12 Lenin, V I, *Imperialism*, chap.5, p. 68.

13 Lenin, V I, *Imperialism and the Split in Socialism*, sel. wks., 12 vol. edn; vol. 11, p. 758.

14 Lenin, V I, *Imperialism*, vol. 5, chap. 9, p. 111.

15 Lenin, V I, *Socialism and War*, coll. wks. vol. 21, p. 299. (Written in 1915).

16 Lenin, V I, *Conference of the R.S.D.L.P Groups Abroad*, coll. wks. vol. 21, p.162.

17 Ibid., p.162.

18 Lenin, V I, *On the Slogan for a United States of Europe*, coll. wks., vol. 21, p. 341.

19 From *Two Different Lines on the Question of War and Peace*. The quote from Stalin is from *Economic Problems of Socialism in the USSR* English edition, p41. The whole is from *The Polemic on the General Line of the International Communist Movement*, (Peking 1965. p239)

20 Lenin, V I, *Imperialism*, chap. 10, p. 117.

\*According to the dogmatist revisionist Enver Hoxha, in his time Secretary of the Albanian Party of Labour, the concept of state-monopoly capitalism was developed by Soviet revisionists and relied on by them. Obviously he was vastly over rated as a Marxist-Leninist.

\*\*Discovered by Karl Marx and known as 'historical materialism', or 'the materialist conception of history'.

\*\*\* Revisionism: That opportunist trend *within* the socialist and communist movement which emasculates the *revolutionary* content of Marxism-Leninism (proletarian communist ideology) using the cloak of Marxist phraseology to disguise itself.

\*\*\*\* The struggle of opposing forces and tendencies