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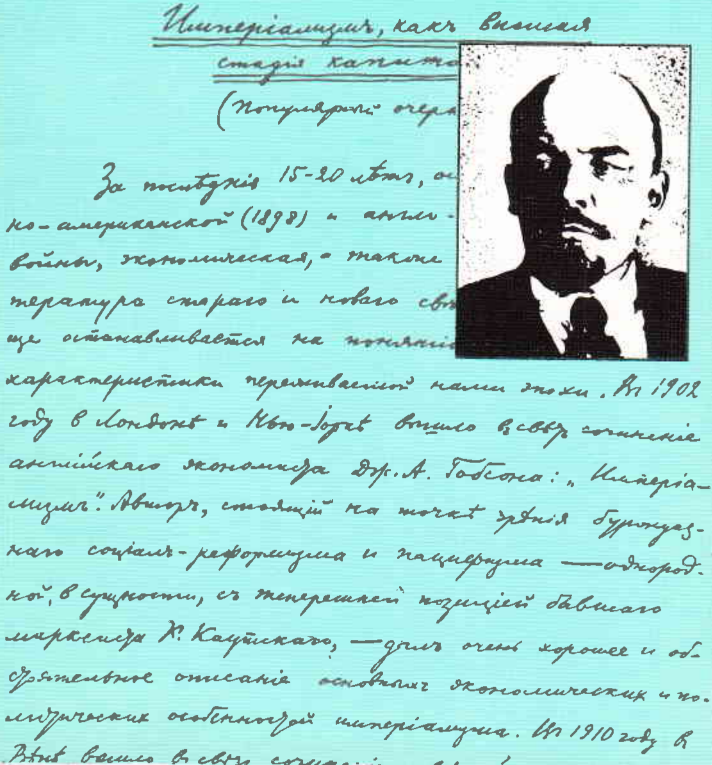

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Lenin's "Imperialism, the Highest Stage of Capitalism"

Progress Publishers
Moscow

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О РАБОТЕ ЛЕНИНА «ИМПЕРИАЛИЗМ, КАК ВЫСШАЯ СТАДИЯ КАПИТАЛИЗМА»

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CONTENTS

INTRODUCTION

SIGNIFICANCE OF LENIN'S *IMPERIALISM, THE HIGHEST STAGE OF CAPITALISM* IN PRESENT-DAY CONDITIONS

Although Lenin's *Imperialism, the Highest Stage of Capitalism* was written seven decades ago, its scientific value, relevance, and impact on scientific and revolutionary thought is as great as ever because it thoroughly reveals and generalises the law-governed development processes of capitalism at the turn of the 20th century, and precisely defines its prospects. Lenin's work is a classic of Marxism and is a great contribution to Marxism's economic theory and a model of its creative application to political problems and the working out of tactics of revolutionary struggle.

Lenin revealed the nature, essence and significance of the new phenomena in the economy and politics of capitalist society which had emerged or developed since the death of Marx and Engels. He showed that these phenomena are evidence of a qualitatively new, monopolist stage in capitalism's development. Using the materialist dialectical method of Marx and Engels, Lenin defined the interconnection and interaction of the latest phenomena and tendencies and their place in the general system of capitalism's economic relations, and showed the specific political features of capitalism at the turn of the 20th century, thereby creating a theory of imperialism that was a direct continuation and development of Marxist political economy.

Lenin's theory of imperialism formed the scientific basis for the theory of socialist revolution. It armed the revolutionary proletariat with a clear understanding of society's law-governed development and the alignment of class forces, and was therefore an accurate guide in the practice of revolutionary struggle. For that same reason, *Imperialism, the Highest Stage of Capitalism* and other works on imperialism like "The Collapse of the Second International" (1915), "On the Slogan for a United States of Europe" (1915), "A Caricature of Marxism and Imperialist Economism" (1916), "Imperialism and the Split in Socialism" (1916), and "The Impending Catastrophe and How to Combat It" (1917) opened up new prospects for the world revolutionary movement. These works laid the theoretical basis for very important programmatic propositions of the world communist and working-class movement.

Despite the profound changes in the world capitalist system, Lenin's work remains relevant in our day as well.

All events in today's world bear the stamp of the modern epoch – the epoch of the transition from capitalism to socialism on a worldwide scale. The modern world is complex and contradictory. On the one hand, there is the successful development of the world socialist system, which has been changing the international correlation of class and political forces in favour of socialism, and, on the other, the world of capitalism with the domination of monopolies and finance capital. Scientific and technological progress in some countries is paralleled by poverty, misery and backwardness in quite a number of developing countries. Many liberated countries are still feeling the effects of their colonial past. The rapid development of the national liberation and social emancipation of previously oppressed peoples has

been impeding the methods of neocolonialism and international capital's stepped-up pressure. The tremendous growth of the working people's struggle for their rights is accompanied by intensified political reaction. Militarism's colossal strides are being checked by the immensity of the anti-war movements. While modern science is offering humanity unprecedented possibilities, previously unknown global problems are arising: raw material, energy, ecological and others. It is these complex and sharply contradictory phenomena of today's world which determine the specific features of capitalism in the last quarter of the 20th century.

An important process affecting the modern forms of economic phenomena is the scientific and technological revolution, which intensifies the socialisation processes, produces new social ties, links branches of production and regions more closely together and brings about many changes in social relations.

As a consequence, the external forms of the law-governed processes of imperialism at the start of the century have frequently undergone substantial change, but the profound processes making up the objective basis of modern capitalism's external phenomena have not disappeared. All the principal economic and political regularities of the monopoly stage of capitalism dealt with in Lenin's work were fully confirmed in subsequent years and determine capitalism's development in our day. The intensification of contradictions of monopoly capitalism, which Lenin called the most powerful driving force of the transitional period of history from capitalism to the new social system[1] is inherent in monopoly capitalism today as well.

[1] V. I. Lenin, *Collected Works*, Vol. 22, Progress Publishers, Moscow, 1974, p. 300.

In the economic sphere, the seven decades since this work was written were a period of colossal concentration of monopoly capital's economic might, the spread of its power throughout the capitalist world, and the concentration of economic and financial resources in the centres of imperialism - a handful of the most developed capitalist countries. The sway of international finance capital increased capitalist exploitation and the plunder of national resources, and heightened in the extreme the uneven development in the world of capitalism.

In the political sphere, finance monopoly capital relies, as it did in Lenin's time, on the forces of reaction and fascism, dictatorial military regimes and war. Two bloody world wars, innumerable "local" wars, punitive operations, militarisation of the economy - such is a nowhere near complete list of imperialism's crimes over the period. International monopoly capital has repeatedly engineered coups d'état in liberated states, not shrinking from direct interference in the affairs of young states which link their future with the building of a socialist society.

Inperialism has been doing its utmost to halt the anti-imperialist liberation movement of the peoples of former colonies and dependent states in Asia, Africa and Latin America. The bloody events in Chile and El Salvador, and the armed provocations against Nicaragua and other countries constitute grim chapters in modern history. Behind all these events stands international finance capital, which, as Lenin wrote, seeks domination and brings oppression, violence and wars everywhere.

The might of the world socialist system has been developing and strengthening in contradistinction to the forces of reaction. The struggle of the working class in the developed capitalist countries is intensifying, the anti-imperialist movement is developing in the states liberated from the colonial yoke, and anti-war actions are occurring on a large scale. Those are the real forces that can secure a peaceful and bright future for humanity.

Lenin's work provides a scientific platform for combating those who distort the true meaning of what is taking place in the world of capitalism in the last quarter of the 20th century, those who want to divert the revolutionary movement toward reformism and collaboration with capitalism, with its policy and ideology.

That is why the progressive forces turn again and again to Lenin's work as a source of invaluable ideas in the fight against imperialism and militarism, in the fight for peace, democracy and socialism.

The Book's Historical Setting

In January 1916 Lenin accepted a proposal from the legal Russian "Parus" (Sail) Publishers in Petrograd to write a booklet for the popular "Pre- and Post-War Europe" series giving a general characterisation of the new epoch. Lenin decided to use the opportunity to give a Marxist assessment of the realities of the time in the legal press, and to show the essence of the imperialist war and the causes of the split in the labour movement. The book was written in Zurich between January and June 1916.

Lenin had begun to study the new tendencies in the economy of capitalism much earlier. In his works from 1895 to 1913[1] he dealt with the phenomena characteristic of the epoch of imperialism:

[1] "Draft and Explanation of a Programme for the Social-Democratic Party" (1895-1896), "The Lessons of the Crisis" (1901), "The War in China" (1900), "Marxism and Revisionism" (1903), "Concentration of Production in Russia" (1912), "Armaments and Capitalism" (1913), etc.

concentration of production and growth of monopolies, export of capital and the struggle for new markets, internationalisation of economic relations, parasitism and decay of capitalism, aggravation of contradictions between labour and capital, and the creation of material prerequisites for transition to socialism. Special attention was paid to exposing the plunderous colonial policy and predatory wars.

From the beginning of the First World War, Lenin made a thorough study of the monopoly stage of capitalism, reading hundreds of books, articles, theses and statistical compilations. The preparatory material for *Imperialism, the Highest Stage of Capitalism* ("Notebooks on Imperialism") consists of more than 1,200 pages of notes from 148 books and 232 articles in German, French and English on economics, statistics and engineering, recent history and geography, politics and diplomacy, and the working-class and national liberation movements.

Lenin's work was published as a separate pamphlet in mid-1917 in Petrograd, after the overthrow of the tsarist regime in Russia.

The following were features of the historical situation at the turn of the 20th century. By the mid-19th century, the industrial revolution had been completed in the main capitalist countries. Machine production was spreading everywhere. Profound qualitative changes had also occurred in the technical basis of production, i.e. in the sphere of the productive forces.

Metal-working machine tools the first evidence of the revolutionary transformations in the engineering industry–were displayed at an international exhibition in 1851 in London. The railway network was expanding rapidly. All this raised demand for metal. The acute need for greater steel production led to new discoveries in metallurgy–the Bessemer and Martin methods of fusing metals.

Simultaneously, new types of engines were invented and widely used (internal combustion, dynamo, steam turbine). In turn, these inventions led to new means of transport–automobiles, trams and airplanes, which needed fuel and power sources. Methods for long distance transmission of electricity were elaborated. Oil extraction was developing apace. These revolutionary technical discoveries and inventions created a material base for production which ensured rapid industrial development. Between 1870 and 1900 world industrial output rose by 150 per cent. World trade also increased substantially.

The technical changes altered the branch structure of production. While light industry, and the textile industry primarily, had previously dominated in the economy of the industrialised countries, heavy industry now came to the fore, its development determining the general level of industrial production as a whole. Metallurgy and the engineering industry became the leading branches of capitalist industry. By the 1870s railway construction was one of the key branches that ensured the industrial advance of the late 19th century.

The revolution in the technical base of production also brought a rapid increase in the size of enterprises. At times it was technically impossible or economically unprofitable to apply the latest means of labour at small and even medium-sized enterprises. Only the big enterprises could make effective use of the new large and expensive equipment, and, in their turn, such enterprises could only be built with considerable capital. As a result, the enlargement and concentration of production was also accompanied by concentration of capital.

But the size of enterprises in the new types of production exceeded the financial possibilities of even very large individual proprietors. For example, only the amalgamated capital of several capitalists could undertake the construction of a railway. Such amalgamation (or centralisation) of capital took place through the formation of joint-stock companies, which made it possible to muster not only large but also medium and small capital and concentrate them in a few hands. In turn, the broader possibilities of the joint-stock companies stimulated construction of large and particularly profitable and competitive enterprises in other capitalist industries as well. An ever greater part of branch production was concentrated among a relatively small group of capitalists.

Thus, the concentration of production and capital, which Marx had defined as a law-governed process of capitalism, was in full swing in the last third of the 19th century. It meant qualitative changes not only in the technical aspects of production but also in capitalism's system of production relations. The main phenomenon was that as the enterprises increased in size, the free competition of numerous capitalist entrepreneurs was replaced by the domination of a few industrial and bank monopolies and the handful of magnates representing them. They established their domination in the economy and set up a broad network of dependence and submission. Rival monopoly groups emerged, each of them bent on seizing the most profitable branches of production, the best spheres for investment, and the markets.

All this sharply aggravated the contradictions of the capitalist world–between the working people and the capitalists, between monopolies, between large and small capital, and between the imperialist countries in their bid for world domination. The contradictions were also worsened by the changed correlation of forces in the capitalist world. At the end

of the 19th century, the United States, and later Germany, had outstripped in their economic development the countries of "old" capitalism–Britain and France. At the same time, the distribution of colonies remained unchanged: Britain and France still had the largest colonial empires.

A clash was inevitable between the capitalist marauders in their fight to acquire various parts of the globe, redivide the colonies and gain markets and raw material sources.

The first world imperialist war that started in 1914 laid bare the acuteness of capitalism's contradictions and the link between political events and the economic changes in the system of production. It revealed the true essence of imperialism, its rapaciousness, inhumanity and parasitism. Thirty-eight states with a population of over 1.5 billion became involved in the war. At the same time, the war stirred the revolutionary forces. It was also a severe test for the labour parties since it placed on the agenda the need clearly to define their position, their understanding of proletarian solidarity, and their attitude to the national governments and the imperialist war.

The world socialist movement and the labour parties had repeatedly discussed what their tactics would be in the event of an imperialist war, which had long been threatening. The Stuttgart (1907), Copenhagen (1910) and Basle (1912) congresses of the Second International had pointed to the imperialist character of the impending war, drawing from that the important tactical conclusion that the workers of various countries could not kill each other in the future war in which big capital had a vested interest. This would be a crime. If a war did start, the Basle Congress resolved, the socialists of all countries should use the crisis caused by the war to hasten the collapse of imperialism.

But when the war began all these decisions remained on paper. The then leaders of the labour parties (the Social-Democrats) betrayed their own decisions, proletarian internationalism and the struggle for socialism. They voted for credits to their bourgeois governments to conduct the war, thereby actually sanctioning their imperialist policy. Their slogan was "defence of the fatherland", which in fact meant a call to kill their class brothers who had been drawn by the imperialists of other countries into the military carnage. The workers fighting in the imperialist war were supposed to back "their" national bourgeoisie and defend its interests. This was a sell-out of the goals and tasks of the working class's struggle to liberate itself from capital's yoke and an expression of the policy of opportunism. The socialist movement split under the blow of opportunism, whose slogan was class peace and collaboration with the national bourgeoisie. Opportunism was the bourgeoisie's ideological foothold among the working class, and during the First World War it was the main cause of the disintegration and split in the labour movement.

In this complex situation of political crisis and discord, treachery and double-dealing, only the Russian Social-Democratic Labour Party (RSDLP), headed by Lenin, was able to remain true to the principles of proletarian solidarity and the tasks of the class struggle. It vehemently protested against the war and denounced the European bourgeois governments' policy as imperialist, aggressive and alien to the interests of the working people.

Thus, the world war and the political crisis which it aggravated in the extreme created a new historical situation in which the working class had to find clear guidelines and determine its attitude to the new epoch, the war, the bourgeois governments, and its

internationalist duty. But in order to formulate positions on questions of war and peace and its attitude to the bourgeois governments and various social currents the working class had first to understand the nature of the new phenomena, their deep roots, and the objective causes that had brought them about. That is why paramount importance attached to a comprehensive theoretical analysis of the new epoch of capitalism, a task which Lenin undertook.

The study of an enormous quantity of factual material, numerous works by bourgeois authors, and statistics resulted in the book *Imperialism, the Highest Stage of Capitalism*, in which Lenin gave "an analysis of the essential properties and tendencies of imperialism, as the system of economic relations of modern highly developed, mature and rotten-ripe capitalism...".[1] By revealing the uniformities of capitalism's economic development at the new stage, Lenin showed the true meaning and significance of the political events and the causes of the split in the labour movement. Lenin's study enabled the Russian proletariat to enter into revolution with a precise strategic and tactical line, with a party programme that rested on the firm basis of Marxist-Leninist theory, and with a clear idea of the prospects for revolutionary development.

Lenin's theory of imperialism also fulfilled a purely theoretical task. It saved Marxist theory from vulgarisation and revision, and showed it to be relevant and effective, and have a tremendous vital force. The best way to uphold Marxism was to develop it and apply it to the new historical conditions, which was precisely Lenin's tremendous service to Marxist science.

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 103.

Lenin's Development of Marx's Economic Theory and Method

Lenin wrote his work in conditions of the capitalist world which were changing rapidly as compared with the second half of the 19th century. The application of Marxist theory and method to a study of capitalism in the new situation also required that they be creatively developed. Marxism rejects dogmatism, stagnation, and the repetition of outdated propositions. In "Our Programme", Lenin wrote. "We do not regard Marx's theory as something completed and inviolable; on the contrary, we are convinced that it has only laid the foundation stone of the science which socialists *must* develop in all directions if they wish to keep pace with life."[1]

Lenin always adhered to this principle. He gave all true Marxists a model of creative scientific theoretical work, its link with life and the revolutionary struggle.

Lenin's theory of imperialism is a new section of Marxist political economy. When writing *Capital*, Karl Marx, the great theoretician of the working class, set himself the task of discovering the economic law of motion of bourgeois society. His resultant work was a vast system which was a theoretical reflection of capitalism's economic relations. In studying the changed situation in the world, Lenin proceeded from the general premise that the new phenomena were a continuation of the main properties of capitalism and therefore the theory of imperialism studies the same subject-matter–the capitalist mode of production. This means that the basic law of motion of capitalism discovered by Marx is also characteristic of its new stage–imperialism. Lenin's scientific task was to define the causes, essence and uniformities of the new qualitative phenomena, and show their interdependence and interconnection.

[1] V. I. Lenin, *Collected Works*, Vol. 4, Progress Publishers, Moscow, 1972, pp. 211-12.

But for all the difference in scientific tasks, Lenin's work is a direct continuation and development of Marx's theory and method.

Let us look briefly at the main directions in which Lenin continues and develops Marx's theory and method.

1. Like Marx, Lenin sees the causes of the phenomena of economic life and political events in their basis–the economic relations between people. Tendencies in the sphere of politics are explained in the final analysis by the profound basic dependence determining people's behaviour. This materialist idea was first embodied in the political economy by Marx and Engels and then consistently developed by Lenin through the entire theory of imperialism.

2. As is the case in Marx's economic teaching, what is studied by Leninist theory is objective reality in all its diversity, links and interaction. Theoretical concepts and generalisations reflect this diversity. Lenin always stressed the importance of practice and real experience as the final criteria for verifying theoretical propositions.

3. Lenin continues and develops Marx's dialectical method. He regards the object of his study as something which is constantly developing and changing. The motive force of this development is the growth of the internal contradictions, under whose impact capitalism enters its highest stage, turns into monopoly capitalism, and comes close to the point where it must be replaced by a new social system.

4. As in Marx's teaching, in Lenin's theory of imperialism concepts (categories) and laws form a single system whose parts are all closely connected

and all interact. For that reason, in order fully to understand the essence of each phenomenon one must have a good idea of its connection with other phenomena, of its place and significance in that system. An understanding of the nature of the system as a whole gives an idea of the nature of an individual phenomenon, of an individual element of the system.

5. A feature of the Leninist teaching on imperialism is its pronounced revolutionary character, its criticism of the bourgeois system from positions of the future, from the positions of the working class, which is why, like Marx's economic teaching, Leninist theory is a teaching on the prospects of society's development, on the ways and forms for advance toward a better and more developed society–to socialism. That is precisely why it has enormous scientific potential and attracts progressive people the world over.

This booklet aims to give an understanding of the content of Lenin's work and to show its relevance in present-day conditions. Each chapter outlines and comments briefly on one chapter of Lenin's book, the author seeking to maintain Lenin's logic, terminology and some characteristic expressions.

The second half of the booklet analyses and gives a brief theoretical summary of modern phenomena in order to show how the uniformities of which Lenin wrote are manifested in the new conditions.

CONTENT OF LENIN'S *IMPERIALISM, THE HIGHEST STAGE OF CAPITALISM*, AND THE SPECIFIC FEATURES OF IMPERIALISM AT THE PRESENT STAGE

Lenin begins his work by saying that its aim is to show "the connection and relationships between the *principal* economic features of imperialism"[1].

It was therefore pointed out from the very outset that the work would not examine individual phenomena, events and facts of the new epoch but rather would *study economic relations as a system*. Lenin thereby separated himself right away from imperialism's bourgeois scholars, who looked only at individual partial phenomena and did not obtain a full picture of the new epoch. He wrote that "in view of the extreme complexity of the phenomena of social life it is always possible to select any number of examples or separate data to prove any proposition".[2] That is the reason for the special importance of Lenin's work–a single, generalised and systematised study of imperialism.

I. Concentration of Production and Monopolies

The capitalist monopoly is the starting point for Lenin's study of imperialism. Generally speaking, capitalist monopolies are powerful associations of

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 195.
[2] Ibid., p. 190.

capitalists (cartels, syndicates, trusts, concerns, etc.). Monopolies concentrate in their hands the production or sale (often both) of a particular commodity or a number of commodities. The monopolies can also establish their domination in a sector of the economy. Monopolies emerge in the quest for superprofits. How then do monopolies come into being?

One of the most typical features of capitalism is concentration of production in ever larger enterprises. Using Germany and the United States as examples, Lenin shows the growing concentration of production and the predominance of a handful of the largest enterprises in the economy. Thus, in Germany in 1907 less than one-hundredth of the enterprises had over three-quarters of the total quantity of steam and electric power, while 91 per cent of the small enterprises (with up to five workers) accounted for only seven per cent. Concentration was even greater in the USA: almost half of all production was concentrated at one-hundredth of the total number of enterprises.

From an analysis of these data Lenin draws the conclusion that "at a certain stage of its development concentration itself ... leads straight to monopoly", and states that "a score or so of giant enterprises can easily arrive at an agreement."[1] It is the magnitude of the enterprises that gives rise to the tendency to throttle competition, to form monopolies. Competition becomes transformed into monopoly, which process is a very important phenomenon in the economy of capitalism at the new stage.

Lenin remarked that concentration of production can take place not only through a mere increase in the size of an enterprise but also in the form of *combination*, that is to say, the grouping in a single new

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 197.

enterprise of different branches of industry, which either represent the consecutive stages in the processing of raw materials or are auxiliary to one another.

Combination has a number of advantages: it eliminates competition between the participants, thereby ensuring more stable profits; it makes possible technical improvements and, consequently, the acquisition of superprofits over and above those obtained by ordinary enterprises; and it strengthens the positions of the combined enterprises in the competitive struggle. Concentration of production through combination therefore provides advantages unavailable to smaller capital. The large industrial enterprises with combined production make up the material base of monopoly domination.

In consequence, the historical course of capitalism's economic development is such that free competition leads to the triumph of large-scale over small production, to concentration of production, and at a very advanced stage of its development concentration of production leads to monopoly.

Lenin disagreed with German professor Hermann Levy, who wrote that protective tariffs facilitate the formation of cartels, noting that differences between countries in the matter of protection or free trade only give rise to insignificant variations in the form of monopolies or in the moment of their appearance. What is law-governed and important is the concentration of production, which makes monopolisation possible. This tendency is characteristic of all capitalist countries, in spite of differences in the specific forms of development: "...the rise of monopolies, as the result of the concentration of production, is a general and fundamental law of the present stage of development of capitalism".[1]

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 200.

It is possible to establish with fair precision the time when the "new" capitalism with the domination of monopolies superseded the one with free competition. For Europe, it was the beginning of the 20th century and was preceded by the following stages: 1) 1860-1870 – the apex of free competition; monopoly is in the embryonic stage; 2) after the severe economic crisis of 1873, a lengthy period of development of cartels; but they are not yet durable and are still a transitory phenomenon; 3) the boom at the end of the 19th century and the crisis of 1900-1903 led to the final victory of the cartels, which became "one of the foundations of the whole of economic life. Capitalism had been transformed into imperialism."[1]

Looking at specific examples of the formation of monopolies (a coal syndicate in Germany, kerosene and steel trusts in the United States of America, etc.), Lenin draws a scientifically very important conclusion: the transformation of competition into monopoly actually results in immense progress in the *socialisation of production*, and also of technical inventions and improvement. Concentrated in the same hands are the most technically developed means of production, skilled labour and the best engineers, and the means of transport and communication are captured. It becomes possible to make an approximate calculation of all raw material sources not only in one's own country but worldwide, and then to capture them as well. A rough calculation of the size of the market is also made. Production becomes social. "Capitalism in its imperialist stage leads directly to the most comprehensive socialisation of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 202.

social order, a transitional one from complete free competition to complete socialisation."[1] Because of censorship, Lenin was unable to spell out what he meant, which was that *socialisation leads directly to the need for a socialist form of production*.

At the same time, Lenin emphasises that the development of the social character of production does not change the nature of appropriation, which remains private. Though meant to serve the entire society, the means of production remain the property of a few – the monopolists, whose yoke on the rest of the population becomes especially burdensome. The bulk of profits go to the "geniuses" of financial manipulation.

The monopolists use tough methods against their competitors in exercising their domination: boycotts, stopping supplies of raw materials, stopping the supply of labour and credits, systematic price cutting to ruin firms which refuse to submit, etc. This is not competitive struggle in the old sense but the monopolists throttling those who do not submit to monopoly, to its yoke, to its diktat.

Although monopoly replaces the spontaneous market relations with relations of regulation and contractual ties (thereby undermining commodity production), it does not abolish crises and the general anarchy inherent in capitalist production as a whole. Lenin is sharply critical of the bourgeois economists' attempts to deny this, pointing out that on the contrary, *the monopolies' domination and their possession or control of enormous resources increases the disparity between spheres of the economy, and intensifies the anarchy and crises*. And, in their turn, the crises, which ruin the small capitalists, increase very considerably the tendency towards concentration and towards monopoly.

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 205.

Development of Concentration and Monopolisation of Production in Today's Conditions

In our day, the tendency studied by Lenin toward concentration of huge means of production, raw material and labour power in the hands of a few monopolists is developing anew. The concentration of production and capital is not only more extensive but is also proceeding at different levels- plants and factories are getting larger, firms are increasing in size through more enterprises and subsidiaries, and industrial leaders have a greater share of branch production. For this reason, the growth in the concentration of production and capital today can only be demonstrated using a number of indicators which reflect the various aspects of this process.

First of all, it should be noted that there has been an extraordinary increase in the size of enterprises. In Lenin's day a large enterprise, according to the statistics of the leading capitalist countries, was one employing over 50 workers, while today, as a rule, an enterprise is considered large if it employs more than 1,000 workers.

But there is a limit to concentration at enterprise level. Enterprises which are too large become inefficient and unprofitable if they exceed the optimal size, which is why it is more profitable for a firm to have two plants of optimal size than one gigantic plant.

This explains the fact that the present-day process of concentration is taking place much rapidly at the level of firms amalgamating several enterprises than at the level of individual enterprises. Those bourgeois scholars who try to refute the laws of concentration make use of this specific feature: comparing the indicators of concentration at the enterprise level alone, they conclude that there is stabilisation, a

slowing down and even an absence of growth in concentration, all of which supposedly disproves the tendencies noted by Lenin toward increased scale of production and the formation of monopolies on that basis.

Concentration of production and capital is going ahead rapidly at the level of capitalist firms. Modern monopoly firms are so large that their economic indicators are often compared with those of entire countries. The following table gives an idea of the size of these indicators.

*Gross Domestic Product (GDP) of Some Capitalist Countries and the Sales of the Ten Largest International Monopolies (1985, $ billions)**

Country	GDP	Rank by GDP	Corporation	Sales	Rank by Sales
Austria	83.2	15	General Motors	96.4	1
Denmark	73.8	16	Exxon	86.7	2
Turkey	72.5	17	Royal Dutch Shell	81.7	3
Norway	65.8	18	Mobil	56.0	4
Finland	59.0	19	British Petroleum	53.1	5
Greece	41.8	20	Ford Motor	52.8	6
New Zealand	27.4	21	IBM	50.1	7
Portugal	26.2	22	Texaco	46.3	8

* *Main Economic Indicators*, October 1986, p. 172; *Fortune*, April 28, 1986, Vol. 113, No. 9, p. 182; *Fortune. International*, August 4, 1986, Vol. 114, No. 3, p. 181.

The table shows that only the first nine largest capitalist countries have GDP indicators higher than the value of the super monopolies' sales, while the GDP indicators for each of the countries following are at the level of individual monopolies' sales.

Today's giant monopoly often has its own fleet (the oil monopolies, for example), railway and auto transport, communication system, trade network, its own police, press, advertisement, etc.

It is not only the absolute but also the *relative* size of concentration that is great. Thus, concentrated in the hands of the 500 largest US industrial corporations are two-thirds of all workers employed in industry, and three-quarters of the assets and profits, though those corporations make up only approximately 0.2% of the total number of industrial corporations. The following table shows the scale of their economic activity.

*Performance of the 500 Largest US Industrial Corporations ($ billions)**

	1982	1983	1985
Sales	1,672.2	1,686.7	1,807.1
Assets	1,308.7	1,353.9	1,519.5
Profits	61.4	68.8	69.6
Number of employees (millions)	14.4	14.1	14.0

* Calculated from *Fortune*, April 30, 1984, p. 179; *Fortune*, April 28, 1986, p. 200.

It is striking that while these corporations' sales, assets and profits grew, the number of employees fell in 1985. Considering that in 1954 employment at those 500 enterprises was practically at the same level (a little over 14 million), it follows that throughout all those years big monopoly capital had not had need of additional labour power, increasing its economic activity through greater exploitation of hired labour.

In Japan the five largest corporations in 1985 made a net profit of $4 billion, which is 8,2% of the total profits of the 500 largest non-American corporations of the capitalist world.[1]

What distinguishes the modern monopoly giants from the monopolies of the start of the century is not only that they are larger but also that their structure has changed considerably. The modern monopolies are multibranch amalgamations. Their numerous subsidiaries are involved in different types of production, both those more or less connected with the firm's principal branch orientation, and those unconnected with its *specialisation*. Firms that have narrow specialisation and market goods from just one sector, are no longer typical of big business. As a rule, a modern monopoly includes enterprises of ten or more branches. The branches are especially varied in conglomerates.

There are a number of reasons why these large firms encompass a variety of branches. One reason is the possibility to manoeuvre in competition, make profits in the most lucrative areas, and keep losses to a minimum in the event of crisis. This process is called *diversification*: a monopoly creates a multibranch structure either by investing in a new branch

[1] Calculated from *Fortune. International*, August 4, Vol. 114, No. 3, pp. 181, 197.

or by buying enterprises in other branches. In the USA, the purchase and take-over of enterprises became particularly widespread in the early 1980s, proceeding at a pace unprecedented for the postwar period. This phenomenon was partially explained by the latest economic crisis, which made it easy for the monopolies to take over firms that had fallen on hard times.

As was the case in Lenin's time, today's large firms invest primarily in the key branches of the economy, and in the branches which are pace-setters in scientific and technological progress. The only difference is that in the early 20th century those branches were railway construction and metallurgy, while nowadays they are electronics, aviation, the auto and chemical industries, and various types of transport engineering. These branches are the most monopolised ones in all developed capitalist countries.

The monopolies' special interest in taking over types of production that are basic from the viewpoint of scientific and technological progress is also manifested in the fact that the degree of concentration of expenditure on research and design is substantially higher there than in industry as a whole. Thus, in the USA 10% of the total number of firms account for 70% of all research and design expenditure. The ten largest concerns have concentrated nearly 40% of all research and design spending in their hands. Such concentration allows the monopolies not only to control the spread of technical and technological innovations but also to make stable superprofits–the main aim of monopolisation.

Present-day monopolies continue the tradition noted by Lenin of seizing raw material and fuel sources. Among the most powerful monopoly giants whose domination rests on monopolisation of raw material sources are the American Alcoa–in the aluminium industry, Anaconda–copper mining, US Steel Corporation–coal and iron; and the West German August Thyssen-Hütte–coal, iron, manganese, etc.

One of the most attractive sectors for monopolies is oil, where profits are particularly high. In 1982, 15 of the 25 foremost monopolies in the capitalist world were oil giants. During the crises of the mid-70s to early 80s, the largest oil monopolies continued to get rich even while many corporate profits were falling drastically and many corporations, including auto corporations, were making losses.

But whatever the size of today's monopoly firms, it still does not portray the entire picture of monopolisation, the extent of monopoly capital's penetration into the economic structure. The monopolies' actual scale stretches much further than their visible and organisationally and legally set limits. The modern concern is surrounded by a whole constellation of suppliers, subcontractors and product sellers often numbering tens of thousands. For example, the Du Pont chemical firm purchases 70% of its raw and other materials from 50,000 suppliers. Automaker General Motors buys goods and services from 45,000 suppliers. Expenditure on purchased components makes up 40% of the cost of US General Motors and Chrysler cars, about 50% of the French Renault and the Italian Fiat, and 60-65% of the Japanese Toyota and Nissan.

But although the small and medium-sized firms are legally independent, the majority of them are economically fully dependent on and directly controlled by the monopolies. This dependence stems from the fact that the subcontractors specialise in meeting the demand of the head firm and often have no other market for their goods. They supply the head firm at pre-set prices and in contractual quantities and assortments, or they sell the firm's goods on pre-set conditions. The head firm may give them credit, rent them equipment, and supply them with raw material. Such an enterprise is actually completely dependent on the head firm and differs little from a subsidiary in extent of control. These relations suit the monopolies because during crises the subcontractors are sacrificed, making it possible to maintain the volume of the head firm's principal production. These ties are a reflection of the hidden process of concentration of production that occurs under the monopolies' aegis.

The continuing process of socialisation of production is also evident in the ties between firms based on cooperation and long-term agreements which cover production and marketing and provide for a certain degree of specialisation of production by the participants. These ties are implemented through trade patents and licences, exchange of information and technological secrets, and the installing and servicing of new equipment. They often establish relations of dependence that are as solid as those established by joint ownership of capital. The cooperating firms coordinate their production policy and marketing strategy, becoming a single monopolist bloc in relation to their competitors. Essentially, there is little to distinguish such agreements from a cartel: they make it possible fully to control the market and to make high monopoly profits.

A feature of the modern monopoly is an extremely high level of socialisation of production–developed social relations of production and regulation of its internal organisation, and corporate planning. Despite this, however, the sway of the modern monopoly giants, as it did at the start of the century, intensifies and aggravates the anarchy inherent in capitalist production as a whole, and is a powerful factor

of the instability of the capitalist economy. Monopoly regulation of production and the market is the more considerable, the greater the concentration of economic potential in a monopoly. This leads to disparities in the branch structure, upsets the economic processes and causes phenomena of crisis.

But, at the same time, as Lenin said, monopoly does not and cannot eliminate competition. On the contrary, the continuing concentration and centralisation of economic power heightens competition, whose methods are altered and better adapted to "protracted battles" and to rapid changes in connection with scientific and technological progress. In addition to the traditional "strong-arm methods" of struggle that were widespread at the start of the century–coercion into this or that form of relations, erection of artificial barriers to receipt of raw material, credit, and the latest equipment and technology–the modern monopolies make broad use of methods based on their economic ability to regulate production and the market, and determine the correlation between demand and supply. They employ such latest methods for taking over the market as linked sales (where a product is sold at average prices while its components are sold at high monopoly prices); production of substitute goods to push traditional ones off the market; additional service to buyers; frequent product differentiation to create a semblance of renewed assortment and artificially sustain demand, etc.

Nowadays, monopoly competition is extremely sharp. It goes beyond the framework of the national economy along with the monopolies and engulfs entire countries; it periodically makes itself felt in the national and world economy in the form of various structural disparities.

A striking example of the long-term disparities that were caused by the monopolies' economic policy and later led to a crunch was the *oil crisis*. The international oil cartel of the seven largest monopolies (five American, one British and one Anglo-Dutch) which had been regulating the oil market since the late 1920s promoted reorientation to the use of oil. Coal, bituminous shale, and others were gradually forced off the fuel market by the sustaining of low oil prices. Low oil prices could be combined with rapidly rising demand for oil and enormous profits only because the oil cartel was plundering the national resources of the oil producing countries. A major disparity resulted not only in the world fuel balance but also in the cost structure of the world trade: while the prices of industrial goods, equipment and new machinery were rising, the prices of oil and the most important types of raw materials remained frozen.

The crunch came in the mid-1970s–the disparities suddenly began to be corrected. Casting aside the chains which had bound them for 45 years and establishing sovereignty over their own oil resources, the OPEC countries raised oil prices so as to end the robbery of their countries. The oil monopolies then changed their tactics in expectation of higher prices: they withheld the oil resources at their disposal, worsening the deficit and pushing prices up further.

The resultant oil crisis showed the whole world how profoundly the monopolies' control over raw material resources can deform the economic structure. It gives rise to phenomena of crisis, and it is the working people who have to pay for the consequences of the monopolies' arbitrary actions. The situation is similar in a number of other raw material sectors of the capitalist world economy.

Thus we see that *the further development of concentration of production and capital and the monopolies' expanding domination in the capitalist economy intensifies the clash between monopoly and competition, and gives rise to the particularly acute contradictions of modern capitalism,* thereby confirming the correctness of Lenin's conclusions.

But however great the monopolies' economic strength, in our day, too, the role of the banks must be considered in order to have a complete picture of the development of the world economy during the transition to imperialism.

II. Banks and Their New Role

As production and capital become concentrated in industry, banking capital also grows in size. As is the case in industry, concentration in banking leads to *banking monopolies*.

At first, banks had the modest function of serving as middlemen in the making of payments between capitalists and of granting them credits. They attracted savings and inactive funds and transformed them into money capital which was placed at the capitalists' disposal in the form of credit and used by them to obtain profit.

But as banking developed and became concentrated in a small number of establishments, the banks grew from modest middlemen into powerful monopolies by the beginning of the 20th century, having at their command not only their own money capital and the funds of other capitalists and small businessmen but also the larger part of the means of production and sources of raw material in any one country and in a number of countries. Lenin described this transformation of numerous modest middlemen into a handful of powerful monopolists as "one of the fundamental processes in the growth of capitalism into capitalist imperialism".[1] He uses figures to show that in 1912-1913 almost half (49%) of the combined deposits of the German joint-stock banks were in the hands of the nine largest Berlin banks.

The big banks subordinate the small ones and bring them into their own "group" by acquiring holdings in their capital, by purchasing or exchanging shares, by a system of credits, etc. A bank which stands at the head of such a group can enter into agreement with several large banks for the purpose of conducting exceptionally profitable financial operations like floating state loans. Those banks then become an association of a handful of monopolists. The result is the expansion of a close banking network covering the whole country, centralising all capital and all revenues, and transforming "thousands and thousands of scattered economic enterprises into a single national capitalist, and then into a world capitalist economy".[2]

When the operations of the largest banks grow to enormous dimensions, what appears on the face of it to be purely technical functions takes on a new quality and enables the banks to subordinate to their will the commercial and industrial operations of the whole of capitalist society. In rendering financial services to their clients, the banks are enabled, first, to ascertain exactly the financial position of the capitalists, then to control and influence them, and finally to entirely determine their fate.

By facilitating or hindering credits, the banks are able to deprive industrial capitalists of capital or permit them rapidly to expand production to enormous dimensions, to increase their income and thereby the size of their capital.

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 210.
[2] Ibid., p. 213.

As a result, the banks greatly intensify and accelerate the concentration of capital and the formation of monopolies in industry.

As capital becomes more concentrated, elements of regulation increase in banking, just as they do in industry. Relations of free competition are replaced by the monopolists' domination. Lenin quotes Marx's *Capital*, which noted the tendency for the banks to create the form of universal book-keeping and distribution of means of production on a social scale. Lenin underscores that the continuing process of concentration of banking capital develops this tendency further: the banks collect not only the entrepreneurs' capital but also all kinds of money revenues (of small businessmen, office clerks, and a tiny upper stratum of the working class). But in substance this system of "social distribution" is private distribution, i.e. it conforms to the interests of big capital, and primarily of huge, monopoly capital, which exacts tribute from the whole society.

Lenin concludes that in banking as well, the capitalism of free competition with its anarchic regulators is passing away and that a new capitalism has come to take its place, bearing obvious features of transient relations, a mixture of free competition and monopoly.

Among the few large banks which have seized the key positions in a country's economy, there is a tendency towards monopolist agreements, towards a bank trust. "Again and again, the final word in the development of banking is monopoly."[1]

As the banks grow in size and importance, new ties are formed with industry, and industrial capital becomes dependent on big banks.

These ties take on varied forms. A *personal link-up*

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 220.

is established between the banks and the biggest industrial and commercial enterprises through the appointment of bank directors to the boards of industrial companies, and vice versa. Close ties are formed through the joint acquisition of shares. The personal link-up between the banks and industry is supplemented by that between both of them and the government. The banks become institutions of a universal character.

Lenin concludes that the concentration and centralisation of banking capital and its merger with industry has created new economic conditions. The 20th century marked the turning-point "from the old capitalism to the new, from the domination of capital in general to the domination of finance capital."[1]

III. Finance Capital and the Financial Oligarchy

The two streams of concentration–in industry and in banking–merge to form a new phenomenon–*finance capital*. "The concentration of production; the monopolies arising therefrom; the merging or coalescence of the banks with industry–such is the history of the rise of finance capital and such is the content of that concept."[2] Lenin shows how finance capital becomes dominant, subordinating the other forms of capital to itself.

Describing the essence of finance capital, Lenin criticises the superficial approach of the Austrian Social-Democrat Rudolf Hilferding, author of the most substantial work on imperialism at the start of the 20th century.[3]

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 226.
[2] Ibid.
[3] Hilferding's book, *Finance Capital*, was first published in Vienna in 1910.

Hilferding exaggerated the banks' role and their power over industry, and explained the appearance of finance capital by the development of relations in the sphere of circulation. This led to theoretical mistakes and erroneous practical recommendations of a reformist type: since finance capital is a phenomenon of the sphere of circulation, its power can only be combated by reforming the relations of distribution (mainly of money revenues) without affecting private ownership of the means of production.

Lenin shows that the strength of finance capital lies above all in its close ties with the industrial monopolies, in its control, through them, of a sizable part of capitalist society's productive forces.

The monopolist position of finance capital inevitably leads to the domination of the part of the big bourgeoisie which represents that capital–the *financial oligarchy*. How then does the financial oligarchy attain what Lenin called its "monstrous rule"? Primarily through the "*holding system*". The principal company (the mother company) buys enough shares to give it a majority of votes at shareholders' meetings. This packet of shares is known as the *controlling* one, and it enables the mother company to control the daughter company, which in its turn controls the grandchild company, etc. In this way, it is possible for a mother company to control the capital of many companies that together comprise an immense sphere. Lenin writes that the "holding system" not only vastly increases the power of the financial magnates but also enables them to resort to all sorts of shady and dirty tricks to cheat the public and make substantial profits.

Lenin cites the example of the General Electric Company (AEG), which in 1912 held shares in 175-200 companies, dominating them and controlling a total capital of 1,500 million marks.[1]

The holding system was also widespread in Russia at that time: 40% of the total capital of the principal St. Petersburg banks fell to the share of the industrial monopolies in the coal, metallurgical, oil and cement industries.

The magnitude of finance capital and its concentration in a few hands opens up additional sources of enrichment for the monopoly bourgeoisie through manipulations with securities. Finance capital exacts profits from the floating of companies, issue of stock, state loans, "strengthens the domination of the financial oligarchy and levies tribute upon the whole of society for the benefit of monopolists".[2] The issue of securities by the banks plays a special part in the inordinately high rate of profit obtained.

Speculation in land situated in the suburbs of rapidly growing big towns is a particularly profitable operation for finance capital, one which was practised on a considerable scale in connection with the building of railroads, since the rising prices made possible profitable deals. The monopoly of the banks merges here with the monopoly of land and with monopoly of the means of communication. Through the holding system and seats on the boards, the large railway companies became connected with the big banks, which backed speculative machinations and fraudulent deals with real estate firms, resulting in a whole web of financial and economic dependence based on robbery of the masses. "A monopoly, once it is formed and controls thousands of millions, inevitably penetrates into *every* sphere of public life, regardless of the form of government and all other 'details'."[3]

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 230.
[2] Ibid., p. 232.
[3] Ibid., p. 237.

Specific Features of Finance Capital's Domination at the Present Stage

The general tendencies noted by Lenin in the development of finance capital still obtain in today's conditions– the enormous growth in its economic might based on the monopolist position of a few big banks and their close ties with the monopolies in industry, and on the immense expansion of the financial network. Simultaneously, new, more effective forms of the domination of finance capital are also appearing.

First and foremost, there is the extraordinary increase in the level of concentration of capital in the banking monopolies. As the following data show, the capitalist world's largest banks possess capital (assets) to the tune of many billions of dollars.

*Capital of the Largest Banks of Some Capitalist Countries (1984)**

	Assets ($bil.)
USA	
Citicorp	142.7
Bank America	113.7
Chase Manhattan	81.6
Western Europe	
Banque Nationale de Paris (France)	99.0
Crédit Agricole (France)	92.4
Crédit Lyonnais (France)	90.5
Société Générale (France)	87.1
Barclays (Britain)	85.2
National Westminster (Britain)	82.7
Deutsche Bank (FRG)	73.4

To be continued

Japan	
Dai-Ichi Kangyo	119.1
Fuji Bank	115.1
Mitsubishi Bank	110.7
Sumitomo Bank	107.6

* *The Banker*, London, Vol. 135, No. 713, July 1985.

In their respective countries, these banks are the largest monopolies and concentrate the bulk of finance capital. Thus, in Britain the four largest banking groups control over two-thirds of the assets of all the country's commercial banks.

The structure of modern finance capital has changed substantially. While at the beginning of the century the banks were the principal element of finance capital, nowadays *non-banking institutions*–insurance companies, pension funds, investment companies–have a much greater role, especially in the 1960s and 1970s. Savings banks and savings and loans associations, whose considerable role as a channel of finance capital's power was noted by Lenin, have also further developed.

A common feature of all non-banking institutions is that in one form or another they draw in from the population funds which are too small to be capital but which, when concentrated in the financial centres, form a substantial sum that is then used by financiers to buy shares in industrial and commercial corporations, and state bonds, i.e. they are a source of credit for the capitalists and the state. The scale of operations of the non-banking institutions is often much greater than that of the banks. These institutions bring together the population's savings to finance industry and transform them into a source of profit for big capital, which gets the lion's share of

credit. What is more, the population's savings are sucked into the financiers' speculative dealings and are at risk in the event of financial ruin or bankruptcy. The non-banking institutions have vastly extended the "zone" of finance capital's domination and the size of the financial resources which it controls.

In today's conditions, the forms of the merging of the banks with industry of which Lenin spoke in *Imperialism, the Highest Stage of Capitalism* have further developed, particularly with respect to credit. The immensely greater size of credit and the growing importance of long-term ties given the instability of the economic situation all increase the mutual dependence of the largest banks and the industrial monopolies.

One of the most effective ways of merging the banking and industrial monopolies is purchase of shares in industrial companies by banks. Thus, in the early 1980s institutional investors (i.e. banks and non-banking institutions–insurance companies, pension funds, etc.) held over 50% of the shares on the London stock exchange, while the population held less than a third. The increasing portion of shares in the hands of the banks makes them the actual owners or co-owners of large firms and amalgamations and links their interests together, forming financial and industrial "blocs".

The banks grew especially powerful in the 1960s and 1970s because of the great demand for credit during the period of a relatively stable economic growth rate (before the 1974-75 crisis). *Inflation* also increased the demand for capital. In addition the frequent mergers and absorptions of enterprises enhanced interest in having the banks participate with their capital and services in the purchase of enterprises.

At the same time, as Lenin foresaw, the banks' dependence on the industrial corporations as their principal depositors has also increased. The bulk of bank funds come from the deposits of the largest firms, whose economic situation, debts and profitability substantially affect the bank's financial position. The close interdependence of banking and industrial monopolies fully refutes the claims of a number of bourgeois economists that there is a gradual weakening of the link between modern banks and industry as the large industrial firms accumulate their own financial resources.

As it was in Lenin's day, one of the most common forms of merger of banking and industrial monopolies is the holding system, a modern feature of it being that the packet of shares needed to exercise control in a corporation is getting smaller and smaller because of so-called *dispersal of shares* or "diffusion of ownership", in which a major corporation issues a large number of shares that are sold to numerous shareholders in such a way that no one has a sizable quantity. For example, shares of the American corporation General Motors are spread among 1.3 million persons in the USA and other countries. With such a "dispersal" of shares, a relatively small packet of shares, often not more than 5%, is enough to give a controlling interest in a large corporation.

Property management by warrant (so-called trust operations) is one of the most effective present-day forms of concentration of control over industry in the hands of the largest financiers, of the linking and merging of their interests. Entrepreneurs, rentiers and small savers give the commercial banks their capital (chiefly shares) to be managed by warrant, simultaneously handing over the right to vote on a corporation's affairs. Since the banks have a substantial number of shares from many shareholders, they obtain

the decisive vote in corporations and can thereby influence key decisions in the economy connected with investment, scientific and technological progress, fixing of prices, firms' social policy, etc.

Warrant operations establish a broad and well disguised network of close ties between credit institutions and the industrial monopolies, which make up powerful groupings of finance capital.

The quantity of shares various financial institutions hold is constantly on the rise: in the latter half of the 1970s and early 1980s they accounted for over 1/3 of all shares in circulation in the USA.

The personal link-up of which Lenin wrote is still significant as a very important cohesive factor between the banking and industrial monopolies. According to British sociologist John Scott, 75% of the directors of large companies in Britain are multiple directors, simultaneously representing 56 of the 98 large monopolies.[1] American economist Edward Herman says that in the USA 299 or 58.5% of 511 non-financial corporations are headed by a banker. As a result, close financial ties are established, the economic policy of the banks and corporations is corrected, and they act as the united force of finance capital against their competitors and against the broad working masses.

A feature of modern finance capital and the financial oligarchy is the concentration of power, of financial and economic control in the hands of a small group of *senior managers* of industrial corporations and banks. This is so common that it has given rise to the "management revolution" theory, which says that in present-day industry power is moving from the capitalist owners to the managers, who are only

[1] John Scott, *Corporations, Classes and Capitalism*, Hutchinson & Co., London, 1979, p. 89.

a firm's senior employees. Some proponents of this theory conclude that such "managerial corporations" are therefore no longer capitalist enterprises since it is not owners of capital who wield the power in them. And the society made up of such corporations is no longer capitalist.

However, if one looks closely at the senior managers, their economic and social status, and their functions in the power structure, it becomes clear that they are part of the bourgeoisie's monopolist élite.

The senior managers run a corporation as a *private* enterprise that has purely private goals: high and stable profits, greater competitiveness, new markets, etc. That is what the managers aim at in directing a firm's economic policy and taking key decisions on investment, prices, and wages and salaries. They determine whether to expand or cut production, and hire or fire workers. In this role the senior managers are functionaries of capital and ensure its reproduction.

As a rule, the senior managers hold a large packet of shares in the corporation which they run. This directly links their incomes and personal interest with the economic state of the firm. More profits mean more dividends on their shares. The managers' large share packets often grow into a controlling interest, an occurrence especially facilitated by the "dispersal of shares" system mentioned above. Thus, according to Herman, in 25 of the 100 largest American corporations, the senior managers' share packets made up 1% and more of the total number of shares. In 38 instances they made up $5 million and more. Where dispersal of shares is considerable, this quantity is enough for control over all or the greater part of a corporation's capital, making the manager a co-owner of that capital.

The size and sources of their incomes also place

the senior managers among the bourgeois élite. Share dividends account for 50% and more of their personal incomes, which are extremely high. Thus, the total incomes (salary and share dividend) earned by the senior managers of the USA's leading industrial corporations ($ 400-500,000 annually) exceed the yearly profits of a medium-sized corporation. Consequently, the fact that the managers are in charge of production and take key decisions is realised in their participation in the appropriation of capitalist profit.

The narrowness, social exclusiveness and influence of the group of senior managers, a group formed through ties, control over financial resources, and strategic positions in the management of production, secure the concentration of real power in a few hands and makes the senior managers of the largest corporations a main contingent of the monopolist bourgeoisie. The senior managers are by no means a "neutral technocracy", as bourgeois scholars claim, but a part of the financial monopolist oligarchy, which exercises real control over the entire capitalist economy. Their chief function is to ensure the reproduction and accumulation of capital, maintain the monopolist positions of the firms they manage, and therefore also to keep the system of capitalist exploitation intact.

Even more so than in Lenin's day, the financial oligarchy's economic might is supplemented by its links with the *state apparatus*, which allow it to realise finance capital's political domination and to influence home and foreign policy. By placing its representatives in government or buying out political leaders, monopoly capital ensures that any policy pursued will preserve and expand its positions. Thus, US President Reagan and his administration were put in power by the country's largest industrial and military monopolies, and primarily by the so-called "new monies"–the monopolies of the western states, the Californian financial oligarchic group. In its turn, the Reagan administration paid generously for this service with a cut in corporate taxes, which benefited big business first and foremost. The colossal appropriations for military purposes, the bulk of which reached the hands of the twenty or thirty leading military industrial monopolies, were also an original form of payment for participation in the formation of a conservative administration. Californian aerospace concerns have received highly profitable and long-term orders under the military space programmes. Between 1979 and 1985 military spending of the US federal government more than doubled from $121.9 to $262.0 billion.[1]

Present-day capitalist reality fully confirms Lenin's conclusion with respect to the *enormous concentration of economic, and consequently of political power as well, in the hands of the financial oligarchy*. The financial magnates dominate in the capitalist countries, levying tribute upon the whole of society and seeking as far as possible to "legitimise" their enrichment: huge salaries and bonuses to the monopolies' senior managers as reward for "managerial talent", high prices for military orders as payment for participation in particularly important affairs of "national defence", etc.

At the same time, the development of the financial and credit system of modern capitalism is evidence of further socialisation and improvement of the social book-keeping system, which, however, is still placed primarily at the service of big capital.

[1] *Economic Report of the President Transmitted to the Congress, February, 1986*, Washington, 1986, p. 253.

IV. Export of Capital

Finance capital does not confine itself to establishing relations of dependence in its own country: it forms an international system of monopolist domination and subjection. The principal means of gaining positions in the world economy is the export of capital.

Typical of the capitalism of free competition was the export of goods; typical of monopoly capitalism is the export of capital.

Lenin explains why the need to export capital arises. He shows that the growth of both internal and international exchange is a characteristic feature of capitalism. At the same time, the uneven and spasmodic development of individual enterprises, individual branches of industry and individual countries is inevitable. Thus, in the mid-19th century England claimed to be the "workshop of the world", but in the last quarter of the century its monopoly was already undermined by other states. A new type of monopoly was formed. First, monopolist associations appeared in all developed capitalist countries; second, a few very rich countries gained a monopolist position, and the accumulation of capital there proceeded very rapidly and reached gigantic proportions, resulting in an enormous surplus of capital in those countries.

But this is a relative rather than an absolute surplus and is not a result of there being nowhere to invest capital. On the contrary, even in developed capitalist economies there are many fields and spheres of production lacking in financial resources. Thus, Lenin noted that even in countries considered developed at that time agriculture was lagging behind industry and the working masses' living standard was low, but capital preferred to invest capital abroad where profits were higher.

At the first stages, capital was primarily exported to economically backward countries where capital was scarce, thus reducing the risk of competition, and land, raw materials and labour power were cheap, resulting in unusually high profits.

The export of capital is made possible by economically backward countries being drawn into world capitalist intercourse; the necessary infrastructure is built there and conditions created for industrial development. The need to export capital arises from the fact that in a few countries capitalism has become "overripe" and surplus capital cannot find fields for sufficiently profitable investment there.

The export of capital reached particularly enormous dimensions at the beginning of the 20th century. Capital invested abroad yielded huge profits, which was a basis for parasitism of a handful of wealthy states.

Analysing data on the export of capital, Lenin shows that the principal exporters at the beginning of the 20th century were Britain, France and Germany, with England accounting for a half of the three countries' export of capital.

The geographical distribution of foreign capital was as follows: two-thirds went to Africa, Asia, America and Australia (that is, to the parts of the globe where the colonies and dependent countries of the principal exporters were located) and one-third–to countries of Europe. Capital was exported both for investment in industrial undertakings (entrepreneurial capital) and in the form of private and government loans (loan capital).

The character of the export of capital left its mark on imperialism's national peculiarities. Some countries like France exported largely *loan capital*. Lenin wrote that French imperialism could therefore be called usury imperialism, unlike British colonial imperialism.

The export of capital influenced and greatly accelerated the development of capitalism in those countries to which it was exported, but it simultaneously led to a certain economic stagnation in the exporter countries since it diverted capital from investment in the national economy.

Finance capital uses export to spread a broad network of dependence worldwide. Loans are granted on various terms advantageous to the creditor country, for example, the spending of a part of the loan on purchases in the creditor country, particularly on armaments. The export of capital thus becomes a means of stimulating the export of commodities. It is accompanied by major deals between enterprises, giant banks and governments. Finance capital therefore obtains double profits–in the form of interest on loans and in the form of profits from the export of the commodities purchased with the loans. Finance capital introduces monopolist principles everywhere.

Export of Capital Today

Like the other attributes of imperialism, the export of capital has a number of new features in present-day conditions. It is of a much larger scale, the countries and spheres in which it is distributed have changed, and the main exporters and the correlation of forces between them are also different.

The new phenomena in the export of capital are attributable to many causes, the most profound and long-term of which are highlighted below.

Scientific and technological progress has had, and is still having, a considerable impact on the structure and direction of export of capital, as is the resultant demand for raw material, labour power and financial resources, on the one hand, and the need for new markets for growing production, on the other. The break-up of the colonial system, the liberated countries' struggle for sovereignty over their national resources, and their desire to create their own viable economy have also left a mark on this feature of monopoly capitalism. The internal structural changes in the economy of the developed capitalist countries and the growing monopolist concentration of production have also exerted a great influence on the movement of capital outside the national economy.

Let us consider how the correlation of forces in the export of capital shaped up following the Second World War. Major changes in the distribution of forces between the main exporters of capital (as compared with the start of the century) occurred at the very end of the war. The United States became the main capital exporter, Britain's share fell drastically, and the role of the vanquished countries–the FRG, Italy and Japan–was reduced to zero.

A new wave of export of capital began to rise in the 1950s with the completion of the post-war restoration and the reconstruction of the economy of the main capitalist countries. The 1960s and 1970s saw a particularly rapid expansion in the export of capital, with the volume of foreign investments by the developed capitalist countries doubling every five to six years.

But this was not a smooth process. The *uneven economic development* peculiar to the capitalist world, a feature of which Lenin spoke in connection with the export of capital, continued to operate, resulting in a new correlation of forces in the export of capital by the 1980s. Three centres–the USA, Western Europe and Japan–have become the main

exporters of capital, accounting by the beginning of the 1980s for over 90% of all foreign investments by capitalist countries. The USA's share in the total export fell substantially as compared with the 1950s and constituted slightly more than 50% in the early 1980s as against 73% in 1966. By the mid-1980s the US share in the total export of capitalist countries again fell sharply. The FRG and Japan have considerably increased their share (see the table on page 52). A number of small West European countries–Switzerland, Netherlands, Sweden and Belgium–had also joined the big European exporters of capital in the 1980s.

In the late 1970s, oil-producing countries became exporters of capital. Nationalisation of a number of foreign oil companies and the establishment of national sovereignty over oil resources transferred a sizable part of the profits on oil sales to the oil-producing countries. The rise in oil prices in the second half of the 1970s piled up profits for the principal oil exporters but the oil-producing states were unable to use the bulk of those funds in the national economy, the main reasons being the underdevelopment of the national economy and the lack of necessary (and especially skilled) labour for setting up the modern types of production and branches which are needed for an entire oil-refining complex. These countries have a narrow domestic market that cannot absorb the output of mass modern production, and have weak positions in the world trade in goods and services (except for oil)–all of which create the peculiar conditions for the appearance of surplus capital in countries with an underdeveloped economy. As a result, the accumulated profits of oil-exporting countries (largely in the form of dollars) came onto the international capital markets in shares and bonds of international monopolies. The principal petro-

*Export of Capital (Direct Investments) from Developed Capitalist Countries (%)**

	1966	1975	1979	1984
Total ($billions)	7,429	26,150	49,392	33,216
USA	72.9	54.5	51.1	13.6
FRG	4.8	7.7	9.2	9.2
Britain	10.4	9.3	13.0	2.8
Italy	1.3	1.3	1.1	5.9
Netherlands	3.5	6.3	4.8	7.8
France	3.1	6.0	4.0	6.4
Japan	1.4	6.7	5.9	17.9

* Calculated from *IMF. Balance of Payments Statistics*, Supplement to Vol. 31, December 1980, p. 74; *Balance of Statistics*, Vol. 36, Yearbook, Part 2, 1985, p. 66.

dollar exporters are Saudi Arabia and Kuwait, followed by Iraq, Iran and Nigeria. These states are the chief suppliers of surplus capital to the credit and financial system of the capitalist world, primarily of the main developed countries.

The positions of the oil-producing countries in the export of capital is incomparably weaker than those of the principal exporters, but their presence on the international scene is appreciable and creates additional tension in the competition for investment spheres.

The change in the balance between the chief capital-exporting countries was accompanied by changes in the parts of the globe to which capital is exported. Unlike the situation at the beginning of the century when the bulk of exported capital went to the colonies, semi-colonies and dependent coun-

tries, today two-thirds go to the developed capitalist countries, first and foremost to Western Europe and the USA.

Thus, the American economy is the most important field of capital investment by European monopolies, which are specially interested in "having a hand" in new technology, making use of the advantages of pace-setting directions of the scientific and technological revolution, and gaining access to the American market. Investments by foreign capital in *science-intensive* industries yield additional profits for the exporter countries where the overall level of economic development is approximately equal to or even somewhat lagging behind that of the USA as a whole.

For its part, American capital in Western Europe exploits the advantages of American technology and organisation of labour in conjunction with relatively cheaper labour and tax exemptions, and also fills the gaps on the European market where national capital is weak.

However, the developing countries are still of interest to the three world centres as spheres of investment, and since the mid-1970s their share in foreign investment has again begun to grow because of the imperialist states' attempt, at whatever cost, to keep the developing countries within the zone of their economic domination and preserve the positions shaken by the collapse of the colonial system. The world oil and raw material crises, aggravated ecological problems and the removal of a number of "dirty industries" from developed to developing countries have tended to move the export of capital in that direction.

Today, too, the export of capital maintains its parasitic properties. It is still based on the plunder of the developing countries' natural and manpower resources, is a sphere of fierce monopolist competition, and intensifies the unevenness of economic development.

In the developing countries the monopolist exporters frequently set up separate (not complex) stages of production, thereby keeping the host country economically dependent on the exporter country. In the exporter country, the heavy outflow of capital can create a shortage of funds for production accumulation, reduce national economic growth rate, and cause loss of jobs and unemployment. Thus, for example, Britain has for a long time combined low production rates with intense foreign investment by national monopolies, a phenomenon which has become known as the "British ailment". The monopolies prefer to invest abroad rather than in the national economy, ignoring the interests of their own country if that guarantees them higher profits.

The export of capital has provided the basis for the formation of large-scale foreign production by national firms which in volume exceeds the development of the national commodity export of the countries of the three centres of imperialism. The USA's foreign production is particularly great – more than five times that of commodity exports. The foreign production of the developed capitalist countries is not only large but also tends to increase more rapidly than the export of commodities. This phenomenon is even more typical of Japan, whose foreign production increased 14 times as rapidly as its commodity export between 1960 and 1980. Those data show the extent to which the capital of the imperialist states has penetrated the economies of other countries.

Today, the export of capital remains one of the most important forms of monopolism. It is the basis for relations of economic dependence and domination, and it gives rise to knots of acute contradictions. The export of capital is a major feature of imperialism today.

V. Division of the World Among Capitalist Associations

The largest monopolies, monopolist associations, that seize the bulk of a country's production first of all divide the home market among themselves. But under capitalism the home market is bound up with the foreign market. During concentration of production, the large capitalist enterprises outgrow the national boundaries and enter the international market.

As export of capital expanded, the colonial connections and dependence increased, and the possibility emerged to divide the "spheres of influence" among the largest monopolies and conclude international agreements to form *international cartels*. Lenin calls them supermonopolies, pointing out that their formation was a new stage of "world concentration of capital and production, incomparably higher than the preceding stages".[1]

Illustrating this uniformity, Lenin looks at the example of the electrical industry, which at that time was one of the newest branches and highly typical of the latest technical achievements. He shows how concentration progressed with giant strides in both Europe and America after 1900. As a result of foreign investments, the holding system, combination and other methods of monopolisation, two international electrical "great powers" were formed: General Electric Company (GEC) on the American continent and the General Electric Company (AEG)

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 246.

in Germany. They concluded an agreement by which they divided the world (markets and spheres of investment): the first got the USA and Canada, and the second got Europe, Russia and the Balkans. International cartels were one of the most striking expressions of the internationalisation of capital.

Lenin stresses that the division of the world between the largest monopolies does not preclude its *redivision:* uneven development, bankruptcy, war, etc., constantly change the balance between the financial monopolist associations and therefore give rise to a permanent striving to redivide the world according to strength, according to capital. Lenin cites examples of the monopolies' fierce struggle to redivide the world in the oil industry, rail manufacturing, merchant shipping, and others.

He argues against certain bourgeois writers who claimed that international cartels express the *internationalisation of capital* and therefore give hope of peace among nations under capitalism. Lenin shows that this opinion is absurd and aims to defend and justify capitalism. A fierce struggle is under way between the monopolies to divide the world economically, and that is the main thing; and its forms may be "peaceful" or "warlike", purely economic or non-economic, but whatever the forms, the essence and class content of this struggle cannot be affected.

Lenin places emphasis on the objective character of the economic division of the world. "The capitalists divide the world, not out of any particular malice, but because the degree of concentration which has been reached forces them to adopt this method in order to obtain profits."[1]

Thus, the high degree of concentration of production forced the capitalists to conclude international monopolist agreements which resulted in super-giant cartels, syndicates and trusts. That was also a way to make huge profits.

[1] Ibid., p. 253.

Present-Day Peculiarities of the Economic Division of the Capitalist World

As at the beginning of the century, the export of capital, carried out in the majority of cases by private monopolist firms, inevitably leads to the division of spheres of influence and the world markets among the largest monopolist associations.

This process, which Lenin called a new stage of world concentration of production, has taken a step forward in the last quarter of the 20th century. First, the scale of concentration of capital in the hands of international monopolist corporations has increased enormously, as has their economic activity: over 90% of all private foreign investment in the world capitalist economy are controlled by international monopolies. Second, their organisational forms and functioning mechanism, and hence also the forms of domination, have changed. The international monopolies of today are monopolies of a new type although their general nature remains the same. The monopolies' activity represents a further internationalisation of capital and production, and consequently the internationalisation of capitalist exploitation as well.

The bulk of international monopolies are corporations whose capital is national but whose sphere of activity is international. Practically all the largest monopolies of the capitalist world conduct a sizable (and sometimes even the major) part of their production and commercial activity outside the national economy. For example, the American corporations General Motors, Ford automakers, Exxon, Mobil (oil), and IBM (electronics), British Petroleum and Imperial Chemical Industries (British firms), the Italian ENI (oil), IRI (automakers) and others are at one and the same time large national and international monopolies that dominate the world market for their respective goods. These monopolies (which are corporations in form) are called *transnational corporations* (TNCs).

Some international monopolies are formed by the capital of various countries. For example, the Anglo-Dutch oil company Royal Dutch Shell, the Anglo-Italian rubber and technical company Dunlop-Pirelli, the West German-Belgian photochemical Agfa-Gevaert Company, etc. The term *multinational corporation* (MNC) is used to distinguish them from the international corporations of the first type.

As was the case at the beginning of the century, the distribution of forces inside this vanguard of international monopoly capital is extremely uneven. By the mid-1980s, American-based monopolies were predominant in the world capitalist arena, but at the same time West European and Japanese supergiants were consolidating their positions. In 1985, the 100 largest corporations in the world (excluding American ones) included 24 Japanese, 16 West German, 10 British, 10 French, and 4 Italian firms.[1] There is very little difference between international monopolies from various countries; the main thing is that their capital outgrows the national economy. They regard the entire world as a sphere for their entrepreneurial and commercial activity, and they

[1] *Fortune. International*, August 4, 1986, Vol. 114, No. 3, p. 201.

themselves participate in the economic division of the world.

International monopolies are structurally organised as *concerns*, which, in the overwhelming majority of instances, are a complex network of subsidiaries and individual firms with more or less close production technological connections. In addition to production subsidiaries (branches), the amalgamation might include retail firms, research centres, and financial and credit subdivisions, a structure which enables an international concern to concentrate varied material and financial resources in its hands, and makes possible rapid and flexible manoeuvring. All this eventually produces huge profits for the international corporations.

Modern international monopolies organise their production above national borders. In their internal structure they take advantage of the international division of labour. Thus, for example, Ford produces a light truck for agricultural use in Asia, obtaining the electrical fittings and plastic parts from its plants in Singapore, the engine blocks from Thailand, the transmissions and axes from Indonesia, and the diesel engines from South Korea. There are assembly plants in all these countries except Singapore supplying the local market. This arrangement provides the best and cheapest way to secure the resources necessary for the production of individual components, thereby cutting production costs and achieving high profits. The TNCs benefit particularly in the developing countries, where they combine technically and organisationally more developed methods of production with cheap local labour power.

By organising production on the basis of an international division, the transnational corporations also transform the exploitation of hired labour into an international process. They make use of the effect of international cooperation of labour to increase the total surplus-value produced by workers at the TNC enterprises of the various countries.

The international character of TNC production also leaves its mark on the process of accumulation of capital. Nowadays profit is not necessarily accumulated where production is carried out. An international concern may form so-called *profit centres*–individual subsidiaries or firms in the most promising branches or in parts of the globe which are tax havens. The TNC chooses the best variant for accumulation by transferring profits along intra-firm channels that are not subject to outside control. In so doing they take no account of the interests either of the country in which the corporation is based or of the host countries: accumulation is cut off from reproduction of the national economy and serves the narrow interests of the international monopoly. Very often a TNC's preferred strategy with respect to profits (repatriation or reinvestment) is not subject to any government control or alteration in the host country, while the profits of subsidiaries located abroad are outside the jurisdiction of the base country.

Internationalisation of production also enables the international monopolies to dominate in international trade, a sizable part of which is carried out as intra-firm deliveries. In countries with a relatively weak economy and dominance of foreign capital, national external trade is controlled by TNCs. Thus, for example, almost half of all finished manufactured goods are exported from Mexico by daughter firms of US transnationals.

The peculiarities in the economic activity of modern international monopolies also give rise to specific features in the methods of economic division of the capitalist world at the present stage. The gaining of spheres of domination begin with monopolisation

of the factors of production and organisation of production on an international basis. Then the host countries' markets are seized. Consequently, the centre of gravity of present-day economic division of the world by monopolist associations has shifted to division and monopolisation of the spheres of direct production, a circumstance which gives the international monopolies especially solid positions in the competitive struggle, makes it possible to secure a place on another country's market, and provides a bridgehead for subsequent economic expansion.

The economic activity of modern international monopolies leads to sharp contradictions between the selfish goals of private ownership and the national interests of individual states. TNC activity, strategy and tactics undermine a government policy of stabilising and controlling the national economy. The international migration of TNC capital can frustrate any government measure aimed to regulate a country's finance and credit relations and foreign exchange positions.

As happened at the beginning of the century, the international monopolies' striving to win new and consolidate old positions in the world capitalist economy engenders very acute contradictions between them which at times boil over into economic wars. Thus, at the turn of the 1980s a real war was raging between the metallurgical monopolies of the Common Market (EEC) and the USA. Through intensive retooling of production, European steel concerns had achieved a number of economic advantages over their US counterparts–lower production costs with a higher product quality–which allowed them successfully to penetrate the American steel market. US steel monopolies then demanded restrictions on imports of European quality steel. The competitive struggle was aggravated by a profound crisis in the American ferrous metal industry: in 1982 steel smelting fell by 30% against 1981 and continued downwards in 1983; while the loading of production capacity dropped by 55% in mid-1983. But since European steel producers were also in crisis, they sought to ease their own position through expansion onto US markets, precipitating new protectionist measures by the Reagan administration and doing substantial material damage to European steel exporters.

The giants also clash on the markets for the latest commodities. The electronics market is a battlefield for monopolies of Japan, the USA and Western Europe. Japanese electronic firms have been actively penetrating West European markets, but in the past few years they have begun to experience competition from European firms on their own market. Thus, for example, the Swedish electronics firm ASEA, the leader on European markets, has been trying to consolidate its positions on the Japanese islands.

A struggle for the economic division of the world between the monopolist supergiants is therefore typical of modern capitalism as well. The tendency noted by Lenin toward internationalisation of production and capital has further developed in our day.

Based on international production, which expresses a progressive tendency in the development of the productive forces, international monopolies are still the capitalist form of this development, which is why they are a factor of the instability of the world capitalist economy, a disorganiser of reproduction and economic ties between states, and the principal force that is interested in preserving the consequences of colonial exploitation and maintains relations of economic dependence and inequality.

VI. Division of the World Among the Imperialist Powers

Division of the world's territories between states and political alliances proceeded parallel and in close connection with the economic division of the world between associations of capitalists. The entire 19th century saw the fiercest battles for colonies, for "economic territory", and the last quarter of the century brought the division of Africa and Polynesia.

By the start of the 20th century the imperialist countries' seizure of unoccupied lands had been completed and a sharp struggle began to redivide them.

The world had entered the epoch of world colonial policy, which is most closely connected with the domination of finance capital, with the new stage in the development of capitalism.

Lenin used a wealth of factual material to show how the formation of the colonial empires came to an end in the late 19th century. Even at that time it was clear that the political motives for seizing new territories and colonies were closely connected with economic and social ones. Lenin quotes Cecil Rhodes, millionaire, a king of finance, the man who was mainly responsible for the Anglo-Boer War (1899-1902), who recommended colonial acquisitions and wars in order to divert the working people from the class struggle, settle the "surplus" population on new lands, and gain new markets.

In the early 20th century, Britain, Russia, and France were the largest colonial powers, with Germany actively involved in seizing foreign territories. A sizable part of the colonies belonged to several small European states (Belgium, Holland, and Portugal). Distribution of the colonial possessions was extremely uneven, and this "injustice" was heightened by rapid changes in the correlation of forces between states. The young and economically strong imperialist plunderers like Germany had been "done out of" a share of colonial possessions, and there were no longer any free territories, hence the desire to redivide the already divided world in favour of the newly strengthened states.

Noting that colonial conquests had existed earlier as well, Lenin underscored that finance capital's expansionist policy is essentially different from that of the previous stage of capitalism. The new feature lies in the fact that the seizure of territories is simultaneously accompanied and conditioned by the formation of monopolies. When the monopolies have captured the markets and the sources of cheap raw materials, the best guarantee against any competition is the seizure of territories as well. "Colonial possession alone gives the monopolies complete guarantee against all contingencies in the struggle against competitors..."[1] The fiercer the struggle against competitors for sources of raw materials, the more desperate was the struggle for the acquisition of territories. Therefore, with the transition to imperialism, appropriation of territory became an important aspect of the consolidation of the monopolist domination of finance capital. And a struggle was fought for even those territories where no minerals had yet been discovered, the hope being that they would prove useful and profitable in the future.

The interests pursued in exporting capital also give an impetus to the conquest of colonies since on one's "own" territory it is easier to monopolise sources of raw materials and keep competitors off the market of a given country.

Finance capital's economic interests gave rise to a political and ideological superstructure which stimulated the striving for domination along all lines, for seizures, for wars, for the creation of diverse forms of state dependence. In international policy a struggle ensued between the great powers for the economic and political division of the world.

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 260.

Thus, *the aggressive expansionist imperialist policy stems from the very nature of the monopolies and finance capital, from their striving for domination and infinite enrichment.*

The intertwining of the interests of finance capital and the imperialist states' foreign policy of dividing the world economically and politically gives rise not only to direct (colonial) forms of dependence but also to a number of *transitional, intermediate* ones. Lenin noted that while the dependent countries were formally independent politically, they were in fact enmeshed in the net of financial and diplomatic dependence. He cites as an example Argentina, which was heavily dependent on Britain financially. Britain's enormous investment in that country established very close links between finance capital and the Argentine bourgeoisie and the country's leaders.[1]

Another example of financial and diplomatic dependence, accompanied by political independence, was presented by Portugal. Britain used that country's economic dependence to obtain commercial privileges, for investment in the Portuguese economy and its colonies, for access to its ports and islands for its fleet, etc. Britain made use of these benefits against her competitors–Spain and France. Lenin concludes that in the epoch of imperialism relations of this kind "become a general system, they form part of the sum total of 'divide the world' relations and become links in the chain of operations of world finance capital".[2]

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 263.
[2] Ibid., p. 264.

5–465

On the Economic Content of the Division of the Modern Capitalist World Among the Imperialist Powers

In the decades since Lenin wrote *Imperialism, the Highest Stage of Capitalism*, the economic forms in which the uniformities of imperialism are manifested have changed considerably. This is especially true of the territorial division of the world.

Capitalism's colonial system collapsed under the blows of the national liberation movement. The first blow had been struck by the Great October Socialist Revolution (1917) which destroyed tsarist Russia's system of colonial oppression and did much to rouse the colonial peoples and launch the national liberation movements.

The formation of a world socialist system following the Second World War brought with it *a new correlation of forces in the world* and thus created a favourable situation for the liberation movement to develop further and score victories in Asia, Africa and Latin America. The political liberation of virtually all former colonies and semi-colonies was an accomplished fact by the mid-1970s. Today, only small territories (mostly islands) are still overseas territories of or are controlled by a few developed states.

The political liberation of formerly dependent states opened up the possibility for self-determination and sovereign development. The most barbarous forms of colonial exploitation, open plunder of natural resources, slave labour, forcible seizure of land, etc., were eliminated.

This means that an important feature of imperialism—the territorial division of the world and the monopoly appropriation by one state of another's territory—has ceased to exist in the form it did at the start of the century.

However, it would be erroneous to conclude that this feature of imperialism has disappeared at the present stage: the forms of its manifestation have changed but the essence of the relations that constitute it remains. Still in existence are the numerous transitional and intermediate forms of the backward countries' financial and diplomatic dependence, accompanied by formal political independence.

Having liberated themselves from colonial and semi-colonial dependence, many countries still remain in the system of the unequal world division of labour, integrated in the world capitalist economy as an economically subordinate and dependent peripheral part. Foreign monopoly capital still holds key positions in their national economy and they are a target for the expansion of finance capital and the industrial monopolies of developed capitalist countries as investment spheres and sources of raw material and cheap labour.

One of the most "effective" forms of the present-day economic dependence of developing states on countries of the West is *credit enslavement*. According to IBRD data, at the beginning of 1986 the developing countries' debt stood at the enormous sum of $1 trillion. Latin America is especially indebted, owing approximately half of the debt of all the developing countries. The situation is being worsened by a drop in world trade and the fall in raw material prices in recent years, particularly in the price of non-ferrous metals (copper, lead, zinc, tin) and coffee—their traditional exports. Falling foreign trade earnings make it harder for these countries to pay off their debts. In 1985, for example, Argentina's debt repayments made up 80% of its export revenues, and those of Mexico, 59%.[1] The heavy indebtedness

[1] *Economist*, January 11, 1986, p. 71.

5*

makes it difficult to obtain new credits, the result being that almost all the credit resources of the developing countries go toward meeting old loan repayments.

Taking advantage of the debtors' predicament, the leading imperialist countries and finance capital's international lending agencies (the International Monetary Fund and the World Bank) force them to pursue an economic policy which suits international imperialism. Credits are made conditional on a wage freeze, cuts in social spending, and less subsidies for state enterprises. A main term of financial "aid" is often the creation of particularly favourable conditions for the creditor countries' monopolies to operate. Thus, between 1973 and 1984 the volume of direct foreign investments in Latin America's biggest debtor countries–Brazil, Mexico and Argentina–increased by 250%. Financial and economic dependence means that key economic decisions are taken not by politically sovereign states but by a limited group of highly developed capitalist states and finance capital's interstate associations. This system of relations is called neo-colonialism.

The various forms of state economic dependence also create certain political "gravitational fields" towards the developed capitalist states, forcing the developing countries to follow in the wake of great power interests and to join military and political blocs. This serves as a means of influencing the young states' choice of road of development, and steers them toward forming capitalist relations. That is also the objective of support for the reactionary regimes and of sanctions against "obstinate" states.

The imperialist states bring extremely great pressure to bear on developing countries that opt for socialist orientation, even in the form of outright use

of brute force in the worst traditions of imperialist colonialism.

Such methods are used, for example, by racist South Africa against the African countries which are on a road of independent and democratic development. The South African militarists have carried out a large-scale invasion of Angolan territory which was open war against the people of that country. Pretoria has been delaying independence for Namibia and actually occupying the country.

Open territorial aggression is part and parcel of US imperialism's foreign policy. In order to meet monopoly capital's demand for oil, uranium, nonferrous metals and other valuable and strategically important raw materials, US imperialism declares that the Middle East and some regions of Africa, the Indian Ocean and Central America are spheres of its "vital interests". Defence of these spheres is given as the ideological justification for American imperialism's naked aggression in many regions, and is drawing other countries into expansionist US policy as partners in various military adventures. American imperialism uses the territory of a number of developing countries as a strongpoint to install military bases on them, confirming again and again the correctness of Lenin's conclusion that there is a direct connection between imperialist policy and wars, and the economic interests of the industrial monopolies and finance capital.

Thus, although no state legally belongs to another in the modern capitalist world, the numerous transitional forms of state dependence have by no means disappeared. They are included, as they have always been, in the whole relations of political division of the world, and are links in the operations of international finance capital. *The relations (both economic and political) which constitute the profound* *content of this important feature of imperialism—territorial division of the world, remain significant under present-day capitalism as well,* but their external forms have changed substantially. These changes indicate that imperialism's power has been undermined in places where it once held sway, but at the same time they show that international finance capital is tenacious, has adapted to the new conditions, and has further developed the forms of exploitation of countries of the capitalist world.

In this situation particular importance attaches to the aid of the USSR and other socialist countries to developing states without shackling economic and political terms.

VII. Imperialism as a Special Stage of Capitalism

An analysis of the principal features of imperialism makes possible the conclusion that imperialism is a *special stage of capitalism.*

Lenin wrote that "imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general",[1] but this process was not a mere quantitative change. Major qualitative changes occurred: capitalism became imperialism at a very high stage of its development, when its chief characteristics began to change into their opposites. *Economically, the main thing in this process is the displacement of free competition by capitalist monopoly.* Creating large-scale industry and forcing out small industry, free competition carried concentration of production to the point where it grew into monopoly—cartels, syndicates and trusts, and merging with them, the capital

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 265.

of a handful of banking monopolies. But having grown out of free competition, monopoly does not eliminate the latter but rather exists alongside it, giving rise to very acute conflicts and antagonisms.

Summarising these phenomena, Lenin stated that "if it were necessary to give the briefest possible definition of imperialism we should have to say that imperialism is the monopoly stage of capitalism."[1] It is precisely the domination of monopolies in every sphere and field of the life of capitalist countries that distinguishes imperialism from the previous stage of development of capitalism.

After that brief definition of imperialism, Lenin gives a comprehensive definition that includes the basic features of the new stage: "... we must give a definition of imperialism that will include the following five of its basic features: (1) the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life; (2) the merging of bank capital with industrial capital, and the creation, on the basis of this 'finance capital', of a financial oligarchy; (3) the export of capital as distinguished from the export of commodities acquires exceptional importance; (4) the formation of international monopolist capitalist associations which share the world among themselves, and (5) the territorial division of the whole world among the biggest capitalist powers is completed.".[2]

This classic definition brings together all the features of imperialism which form an integral system. They express the new quality in capitalism's system of economic relations and evidence capitalism's transition to a special stage.

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 266.
[2] Ibid.

Lenin's definition of imperialism as primarily an economic phenomenon was directed against the attempts to regard the new phenomena of capitalism as merely the policy of bourgeois states, as the striving of an industrial nation to annex or bring under its control agrarian territories. Lenin shows that economically this definition of imperialism is quite inaccurate since the characteristic feature of imperialism is not industrial but finance capital, which strives to annex not only agrarian territories but also developed industrialised regions. In general, imperialism reaches out for every kind of territory. And imperialism's annexationist policy is closely linked with its economic base. Lenin points out that it is wrong to try to detach the politics of imperialism from its economics. There can be no other (non-imperialist) policy of a bourgeois government on the basis of finance capital where capitalist monopolies dominate.

Why did Lenin attach such great importance to characterising imperialism as an economic phenomenon? What was the danger for the labour movement of defining imperialism as merely a bourgeois policy and detaching it from economics?

A definition of imperialism as a purely political phenomenon is superficial and theoretically incorrect. It fostered the illusion that bourgeois society could be reformed: since imperialism is a policy, it is possible to struggle against this "bad" policy by replacing one bourgeois government with another.

Lenin showed that this position is a slurring-over and a blunting of the most profound contradictions of the new stage, and is actually reconciliation with imperialism. A "fight" against the policy of the trusts and banks alone does not affect private capitalist property, which is the economic basis of the industrial and banking monopolies, and therefore leaves intact those relations of imperialism that will inevitably also give rise to a corresponding–imperialist–policy.

Lenin sharply opposes the idea of "ultra-imperialism" advanced in 1914 by the German Social-Democrat Karl Kautsky, who contended that it was possible that capitalism would yet go through a new phase in its development–"ultra-imperialism", that is, superimperialism, when the policy of the cartels (i. e. the monopolist agreements) would affect a foreign policy. Further, since concentration engenders monopolies and agreements between them, development could gradually lead to a single world monopoly, a single world trust. And then a union of the imperialisms of the whole world would emerge, and the joint exploitation of the world by internationally united capital would begin, bringing an end to wars under capitalism.

Lenin showed that from the purely economic point of view, "ultra-imperialism" is "ultra-nonsense". Looking in detail at this abstract theory, he exposed it as unscientific and reactionary. The theory of "ultra-imperialism" assumes that the rule of the monopolies and finance capital lessens the contradictions of bourgeois society, whereas in reality the opposite is true: finance capital heightens the contradictions since it increases the differences between the rapid growth rate of the various parts of the world capitalist economy, and the unevenness in countries' economic and political development. This changes the international correlation of forces and gives rise to a desire to overcome the disparity between the development of productive forces and the accumulation of capital on the one side, and the division of spheres of influence for finance capital on the other. And this redivision can only proceed "'in proportion to capital', 'in proportion to strength', because there cannot be any other method of division under commodity production and capitalism".[1]

VIII. Parasitism and Decay of Capitalism

Lenin's theory of imperialism pays great attention to its parasitism and shows the direct link between parasitism and capitalist monopoly. Lenin writes that monopoly is the deepest economic foundation of imperialism. It grows out of capitalism but does not do away with capitalist commodity production and the free competition characteristic of it. Monopoly exists in this environment and is in permanent and insoluble contradiction with it. The contradiction between the monopolies' striving to dominate and to eliminate free competition, on the one hand, and free competition (since the general bases of capitalist commodity production remain), on the other, create the particular conditions for the parasitic features of imperialism. Lenin highlighted some of the most important signs of the parasitism and decay of capitalism.

Any monopoly engenders *a tendency to stagnation and decay* since to a certain extent monopoly prices remove the motive causes of technical and, consequently, of all other progress. Under monopoly the economic possibility arises of deliberately retarding technical progress. Certainly, monopoly under capitalism can never completely, or for a long time, eliminate competition in the world market which forces a reduction in the cost of production and operates in the direction of technical improvements. But the tendency to stagnation and decay, which is characteristic of monopoly, operates in some countries and

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 253.

industries, and for certain periods of time it gains the upper hand.

Another manifestation of the parasitism inherent in imperialism is the extraordinary growth of a stratum of rentiers—people who live by "clipping coupons", who take no part in any enterprise whatever and whose profession is idleness.

The export of capital sets the seal of parasitism on the whole country that lives by exploiting the labour of several weaker countries and colonies. It still more completely isolates the rentiers from production. Citing statistics for the end of the last century, Lenin showed that in Britain, the biggest trading country in the world at the time, the income of the rentiers from the export of capital was five times greater than that obtained from foreign trade. An industrial state thus becomes transformed into a creditor. "The rentier state is a state of parasitic, decaying capitalism..."[1] The export of capital and the exploitation of the world by finance capital means high monopoly profits for a handful of very rich countries. In their turn, these profits make it possible to bribe the upper stratum of the proletariat. This privileged élite breaks away from the broad masses and undermines unity by renouncing class struggle, thereby betraying the working class's fundamental interests and giving shape to opportunism.

In Britain the tendency of imperialism to split the workers was already obvious in the mid-19th century for two distinguishing features of imperialism were observed there even then: vast colonial possessions and a monopolist position on the world market. The British bourgeoisie was able to use a part of its huge colonial profits to bribe the top trade union bureaucrats and create a worker aristocracy. Lenin

[1] V. I. Lenin, *Collected Works*, Vol. 22. p. 278.

quotes Marx and Engels, who for a number of decades traced the connection between opportunism, which had triumphed in the British labour movement in the second half of the 19th century, and the imperialist peculiarities of British capitalism. The fact that the British working class was becoming more and more bourgeois was directly determined by Britain's monopolist position in the world and its enormous incomes from exploitation of the colonies.

Contemporary Forms of Capitalism's Parasitism and Decay

The features of imperialism which Lenin saw as a manifestation of parasitism and decay of capitalism remain valid and are developing anew in present-day conditions.

As at the start of the century, modern monopolies seize key spheres of production, subordinate their progress to their own interest and thereby engender a dual sharply contradictory tendency–toward development of the productive forces and toward the holding back and slowing down of their development.

Capitalist monopolies organise their economic activity in keeping with private goals, but since this activity proceeds on the basis of enormous concentration of economic potential, the monopolies are able to influence the economic structures and actively shape them at will. They exploit and distribute natural, human and financial resources in an irrational way, and waste an enormous amount of human labour in socially useless or even harmful types of activity.

Keen competition forces the monopolies broadly to apply new technology, change and rationalise the organisation of labour, and reduce production costs.

But in the main the monopolies develop only those lines of scientific and technological progress which can be rapidly applied in production and directly raise profits. They often block whole directions of research if they do not promise immediate gain. Thus, for example, after the Second World War the American steel corporations did not bother to modernise steel production and introduce expensive innovations, preferring to use their monopoly on the steel market (at home and abroad) to control prices. Years later this left them technologically far behind the European and Japanese metallurgical monopolies, which American competition had at one time forced to modernise production, and also meant loss of technological leadership in world steel production.

The waste of society's resources resulting from the rule of the monopolies takes diverse forms. Thus, a sizable part of production capacity is quite often kept unused for reasons of competition. Unused capacities make it possible to keep production of a commodity somewhat behind the demand for it, which is a chief condition for keeping prices high. If a competitor appears, the unused capacities can be rapidly put in motion to produce additional goods to plug the market and keep out competitors. Huge sums are spent on advertising, which sometimes makes up between a third and a half of a commodity's selling price. In other words, a monopoly-produced commodity costs the society more than it needs to given the existing production possibilities. Monopoly capital forces society to pay the costs of monopoly rule.

One of the most glaring forms of parasitism and decay of modern capitalism is the broad *militarisation of the economy* of the leading Western capitalist states. The negative effects of the rule of imperialism and the economic, political and social instability which it fosters are nowadays particularly closely linked with the military industrial complex. Production of means of destruction diverts enormous amounts of human and reified labour into socially harmful types of activity whose products jeopardise humanity's very existence.

The following figures show the extent to which the inordinate military spending has become a direct obstacle to economic development: in the early 1980s annual military expenditure in the world exceeded $600 billion, a sum considerably greater than that spent on education and health. According to the United Nations, even partial universal disarmament could raise the growth rate of the world economy by 1-2% annually, which would be almost twice the rate typical of the late 1970s. The Stockholm Peace Research Institute estimates that by 1980 military spending in the capitalist world was approximately equal to the developing states' entire accumulation fund. These funds could be used to combat hunger and disease and raise the working people's living standard but big business interests in military production and the desire for huge profits maintain the militarist hysteria.

Simultaneously, the militarists have been engaging in combat action, using various regions of the world as testing grounds for new weapons.

As at the start of the century, the economic interests of the monopolies and of finance capital are what really lie behind the imperialist states' military operations. American economists admit that government spending on defence and the spread of US armed forces to various regions was closely linked with a broadening of American sales and investment abroad. The monopolies' economic interest remains a major motive behind present-day imperialist policy.

An unhealthy tendency peculiar to modern capitalism and directly connected to the rule of finance

capital is large-scale speculation by big financiers in hard currency, securities and gold. Thus, there is a great deal of buying and selling of dollars that is not connected with trade or payment for services but is done for purely speculative ends. American economist Victor Perlo states that in 1983 the volume of international transactions in the buying and selling of dollars on the New York Exchange amounted to $50 trillion. This astronomical uncontrolled flow means that for every dollar spent in international trade and the commodity production linked with it, ten dollars went to speculation. This means that huge sums reach the pockets of the "'geniuses' of financial manipulation"[1] and that funds are diverted from productive and rational application. At the same time, speculative money flows heighten instability in the capitalist world and intensify the sharp fluctuations in the general economic situation.

The manipulation of interest rates widely practised by US finance capital also has a similar effect. Thus, the substantial rise in US interest rates that started in 1979-1980 and their continuing high level in recent years has resulted in a flow of capital to the US from other countries. Rises in interest rates make credit more expensive and therefore hit debtor countries especially hard by causing a steep rise in debt repayments.

In the last third of the 20th century, the rule of finance monopoly capital in the world capitalist economy has greatly worsened the global problems which were not apparent or so acute at the beginning of our century. Pollution of the environment, the food and raw material problems, overcrowded cities and the poverty of a very large part of the globe's population have all become a threat for people on

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 207.

earth that will increase as a result of the management on the basis of private property and the plunder of natural resources which are a concomitant of all forms of monopolist rule.

IX. Critique of Imperialism

This section of *Imperialism, the Highest Stage of Capitalism* considers the attitude of the different classes of society towards imperialist policy in connection with their general ideology.

First of all, Lenin noted that "the propertied classes" had gone over "entirely to the side of imperialism".[1] The "enthusiasm" over imperialism stemmed from the fact that finance capital had spread a dense network of relations which subordinates the medium, small and very small capitalists, thus substantially increasing the power of the big bourgeoisie. National state groups of financiers waged an intense struggle against each other for the division of the world and domination over other countries, a circumstance which evoked furious defence of imperialism and its prospects on the part of the bourgeoisie and gave birth to imperialist ideology. Bourgeois scholars and publicists came out in defence of imperialism in a somewhat veiled form; they strived to push specific details into the forefront and obscure the deep-going roots of this phenomenon.

Another attitude to imperialism is that of petty bourgeois criticism, which emerges because the specific political features of imperialism are reaction everywhere and increased national oppression. This produces a petty bourgeois opposition to imperialism–proposals to reform imperialism without touching

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 285.

the bases of capitalist relations. Lenin examines the positions of a number of bourgeois authors of the time (John Hobson, Ernst Agahd, Alfred Lansburgh, Ludwig Eschwege, Victor Berard, etc.) who had criticised imperialism while shrinking from recognising the inseverable bond between it and the monopolies, and through them, between it and the foundations of capitalism out of which the monopolies develop. They contrast imperialism and the yoke of finance capital with free competition and "peaceful democracy". Lenin shows that the dream of restoring free competition is a reactionary ideal "for *objectively* this ideal drags us back from monopoly to non-monopoly capitalism, and is a reformist swindle".[1]

Lenin explains that, were it possible, a return to free trade and competition would be bound to lead once again to the concentration of production and capital which gives rise to monopoly. "And monopolies have *already* arisen–precisely *out of* free competition!"[2] Because this is an objective law-governed process, it is impossible to return to free competition after it has given rise to monopoly.

Kautsky, too, makes a petty bourgeois, reformist and therefore reactionary critique of imperialism which evades the profound contradictions of imperialism: between monopoly and free competition, which exist side by side, between the gigantic operations and profits of finance capital and "honest" trade in the free market, between monopolies, on the one hand, and non-monopolised enterprises, on the other.

Lenin returns anew to his critical analysis of Kautsky's 1914 theory of "ultra-imperialism". Basing

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 289.
[2] Ibid., p. 290.

his reasoning on the real tendency toward internationalisation of capital and the inevitable formation of international monopolist associations, Kautsky advanced the idea of a possible future "peaceful" exploitation of the world economy by "ultra-imperialism". Lenin called this an illusory prospect, a distraction from the sharpest contradictions. This theory obscured the fact that under imperialism the division of colonies and spheres of influence takes place according to the general economic, financial and military strength of those participating. And the correlation of strength does not change to an equal degree, for under capitalism different enterprises, monopolies, industries and countries develop unevenly. Redivision of spheres of influence, a struggle for domination, and wars are therefore inevitable. The epoch of finance capital introduces everywhere the striving for domination and thus leads to reaction, whatever the political system, and also to an extreme intensification of contradictions–intensification of national oppression and the violation of national independence.

Apology and Critique of Imperialism in Contemporary Western Thinking

As in Lenin's time, contemporary Western non-Marxist thinking interprets imperialism in very varied ways–from justification of all, even the most reactionary, aspects of monopolist domination on the right, to criticism of the sharpest contradictions and denial in general of the capitalist nature of modern bourgeois society on the left.

Among the defenders of monopoly capitalism are the architects and supporters of the theory of a "new industrial society" and its numerous modifications. Originated by ideologues of the big bourgeoisie, this

theory was current in the 1940s and 1950s and aimed primarily to prove that monopoly capitalism is effective as a system. Defence of modern capitalism, which was described as a "flawless economic system", was combined with anti-socialism. Defending the idea of a "new industrial society", economists and sociologists (Americans Peter Drucker, Walt Rostow and Daniel Bell, and Frenchmen Raymond Aron and Jacques Ellul) pointed to the considerable technical and technological development of the modern economy on whose basis, they claim, a new society of mass consumption is taking shape, free of class contradictions and social conflicts.

Walt Rostow, one of the best known representatives of this current and founder of the theory of "stages of economic growth", directly opposed his concept to Lenin's theory of imperialism. He stated that imperialism is not a stage of capitalism but merely a foreign policy of conquests. According to him, wars can fulfill a civilising function. Such, he believes, was the case with the colonial seizures, when the imperial centres helped weak countries "to organize a traditional society (i.e. capitalism–*I.R.*) incapable of self-organization (or unwilling to organize itself)".[1] But as progress is made toward a higher stage (to the "age of high mass-consumption" in Rostow's words), the inclination toward aggression characteristic of the "industrial society" states will disappear since they will seek to ensure the well-being of their population and renounce external expansion.

Like other authors before him who defined imperialism as a policy, Rostow obscures the connection between imperialist expansion in the political area with the rule of finance capital in the economy,

[1] Walt Rostow, *The Stages of Economic Growth. A Non-Communist Manifesto*, Cambridge, At the University Press, 1960, p. 109.

even while he himself defends this expansion as a justifiable stage in society's development.

A special interpretation of modern capitalism is given by representatives of the liberal wing of bourgeois economic science, among them American economist John Galbraith, whose concepts are closely linked with the "new industrial society" theory. However, he creates his own model of modern capitalism. Emphasising that a specific feature of the modern capitalist economy is the overwhelming domination of a few large firms, Galbraith advances fresh arguments to substantiate the idea of a radical change in the nature of the society existing in the developed countries. Unlike his colleagues, Galbraith sees and attaches great importance to the new relations introduced into the capitalist system by the domination of the large firms: the enormous concentration of economic potential among a few large corporations, their regulation of demand, supply, and prices, and the development of a planning system inside industrial amalgamations. In point of fact Galbraith lists the phenomena which Lenin analysed long ago, regarding them as evidence of the gigantic socialisation of production, as indication of the changing social relations of production.

Galbraith calls intra-firm relations a "planning unit", and the corporations' administration–the "technostructure". These new concepts are aimed to facilitate the conclusion that the nature of the modern large corporation has changed. The modern corporation, he claims, no longer seeks maximum profits and is therefore not a capitalist enterprise. Galbraith advances a whole system of arguments in an effort to prove that big business is of a "non-profit" and non-capitalist nature. And since, in his view, society consists of "non-capitalist institutions" and it is they that provide the bulk of the developed cap-

italist countries' gross national product, that society is no longer capitalist. Further, the negative phenomena characteristic of such a society can only be overcome through state regulation–hence also the advisability of having a "mixed economy", private and state. Various "mixed economy" concepts abounded at the turn of the 1960s.

The stranglehold of the monopolist firms and their crushing of small and medium enterprises has naturally evoked criticism. Authors such as Alvin Toffler, E. Schumacher and H. Henderson have been writing a substantial number of works forming a range of concepts of so-called "alternative development". They criticise a number of negative features of modern capitalism (and also "industrial society" concepts) from traditional petty-bourgeois positions. They place emphasis on the contradictions between the operations of "large economic amalgamations", as they call monopolies, and society's interests. In their own peculiar form they protest against monopoly rule, against the state's big business-oriented tax policy, the irrational distribution of resources, etc. They also criticise some negative effects of scientific and technological progress.

However, this criticism does not at all touch the real causes of the contradictions of modern capitalism. Thus, for example, some authors believe that the main cause of the big losses of social product and the declining efficiency of the economic system lies in the extreme complexity of its mechanism, which includes the interdependence of a host of variable quantities. The system's unmanageability increases unforeseen costs in the form of disordered human life, destruction of society and plunder of the environment.[1]

[1] See Hazel Henderson, *Creating Alternative Futures. The End of Economics*, New York, 1978, p. 84.

Completely divorced from the concrete social relations, this explanation also leads to petty-bourgeois utopian recommendations relative to society's development. Adherents of this trend such as Alvin Toffler, for example, propose "alternative development" through the creation of small "self-sufficient" farms which would supposedly be more efficient than the giant monopolies and would bring man into harmony with the environment. These farms would make use of new machines and set up what might be called the "electronic cottages".[1] In essence, petty-bourgeois criticism of monopoly capitalism proposes a peculiar modern "reactionary ideal" of small commodity production. Like the ideas of a return to free competition in Lenin's day, the proposal to "break up" the "industrial society" and create "self-sufficient collectives" "*objectively* drags us back from monopoly to non-monopoly capitalism, and is a reformist swindle".[2]

It should be noted that an interpretation of any aspect of imperialism today from petty-bourgeois positions is often directed against Lenin's teaching on imperialism as well. Such, for example, is the "critique" of imperialism by A. Emmanuel, a representative of the "new left" current that was popular in the first half of the 1970s. He contended that it is by no means the "imperialism of finance capital" that exploits the "Third World", and he divides the capitalist world not into imperialist and ex-colonial, dependent countries, as Lenin did, but into the "centre" (in which he also includes the developed socialist countries) and the "periphery". Between them there is unequivalent exchange, whose causes Emma-

[1] Alvin Toffler, *The Third Wave*, New York, William Morrow and Company, 1980, p. 28.

[2] V. I. Lenin, *Collected Works*, Vol. 22, p. 289.

nuel does not link with exploitation by international capital, saying instead that the "periphery" is exploited through the methods of the so-called trade imperialism. Hence the conclusion that neocolonialism does not exist, in the same way that the mother countries supposedly received no benefit from governing the colonies, contrary to Lenin's statements of the role of the colonial system for imperialism.

The contemporary state of affairs in the world capitalist economy refutes these attempts at whitewashing. The last few decades, in particular since the mid-1970s, were a period of growing economic dependence of many developing countries on international finance capital. These countries' lack of rights in the world capitalist economy is determined precisely by imperialism's policy. Their weaker export positions resulting from lower raw material prices, the need to buy equipment from the leading capitalist countries at high prices, and the crippling debts are all unequal relations based on the principles of neocolonial exploitation.

One of the "freshest" concepts that attempts to give modern capitalism a face-lift is the "integrated world" concept, which claims to provide the most general model of the world economy as a whole. It contends that the modern world consists not of detached economies divided by state borders but of "open economies" that are so closely connected that they form a single market. A "global economy" of highly integrated national systems has emerged.[1] The development of each national economy is now determined more by exogenous factors beyond its

[1] Arthur B. Laffer, *International Economics in an Integrated World*, Scott, Foresman and Company, Glenview (Ill.), 1982, p. XVI.

borders than by internal conditions.

The "integrated world" concept tries to explain the growing internationalisation of economic life and the very great degree of socialisation of production on the scale of the world capitalist economy. However, it divorces the internationalisation of economic life from social form and presents it very abstractly. Equally far-removed from real relations is the portrayal of the economic unification mechanism as an even and homogeneous one.

This model of modern capitalism completely obscures the class nature of capitalist integration, and it ignores the very acute inter-imperialist contradictions that are inevitably linked with countries' uneven development. Given the overwhelming domination of the transnational corporations and a tiny group of developed capitalist states on the world capitalist markets and in world capitalist production, "globalisation of the economy" is nothing but the economic division of the capitalist world by finance capital.

X. The Place of Imperialism in History

In the final chapter, Lenin sums up the economic and political analysis of imperialism and draws very important conclusions concerning imperialism's connection with the previous stage of capitalism's development and its historical prospects. He shows that imperialism's place in history is determined by its very essence, by the fact that it is monopoly capitalism. On the one hand, imperialism grows out of free competition; on the other, it is the transition from the capitalist system to a higher socio-economic order. Lenin notes the four principal types (manifestations) of monopoly: 1) monopoly capitalist associations, which arose out of the concentration of production at a very high stage of its development; 2) monopolist possession of the most important sources of raw materials, which has enormously increased the monopolies' power; 3) monopoly of finance capital and of the financial oligarchy that has sprung from the banks; 4) monopoly, grown out of colonial policy, to whose numerous "old" motives finance capital added the struggle for the sources of raw material, and spheres of investment and influence.

The rule of the monopolies and of the financial oligarchy, the suppression of freedom, and the exploitation of weak and backward nations by a handful of rich states have all given birth to the distinctive characteristics of imperialism which enable us to define it as parasitic and decaying capitalism.

But at the same time Lenin underscores that "it would be a mistake to believe that this tendency to decay precludes the rapid growth of capitalism".[1]

These tendencies exist side by side, appearing now in one and now in another branch of industry, country, and social strata of the bourgeoisie. "On the whole, capitalism is growing far more rapidly than before"[2] but this growth is becoming more and more uneven and spasmodic. The entrance of young imperialist states (Germany) onto the international arena was accompanied by the decay of the strong countries of "old capitalism" (Britain). Using the example of Germany's economic development at the imperialist stage to explain his idea, Lenin quotes the German economist Riesser, who said that the progress of the preceding period (1848-70), which had not been exactly slow, compares with the rapidity with which the whole of Germany's econo-

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 300.
[2] Ibid.

my progressed from 1870-1905 "in about the same way as the speed of the mail coach in the good old days compares with the speed of the present-day automobile ... which is whizzing past so fast that it endangers not only innocent pedestrians in its path, but also the occupants of the car".[1]

Lenin thus substantiates the important scientific proposition about the two tendencies in the development of the productive forces under imperialism. Since monopoly is big capital, like all capital it seeks unlimited expansion of production in order to raise profits, introducing new equipment and new methods of organising labour and production. At the same time, the monopolist form of capital undermines free competition and establishes domination, thereby creating conditions for retarding technological progress and consequently a tendency to hold back the development of the productive forces.

From the analysis of the economic essence of imperialism, Lenin concludes that "we must define it as capitalism in transition, or, more precisely, as moribund capitalism".[2] The high level of monopolisation and the extensive financial ties have at their very base "the changing social relations of production".[3] When a big enterprise organises according to plan and on the basis of an exact computation of mass data the production and supply of raw materials to the extent of two-thirds or three-fourths of the population's demand for the product; when a single centre directs all the stages of production of diverse products; when these products are distributed according to a single plan among millions of consumers, then it becomes evident that we have socialisation of production. "... Private economic and private property relations," Lenin writes, "constitute a shell which no longer fits its contents...",[1] i.e. the greatly developed social ties of production. And although this shell may remain for a fairly long period, it is bound to be removed sooner or later. Here Lenin expresses the principal final idea of his work: *it is inevitable that capitalism will be replaced by a social, socialist form of production whose content will accord with the social character of the productive forces.*

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 300.
[2] Ibid., p. 302.
[3] Ibid.

Lenin's analysis of imperialism and his conclusion show the profound inherent continuity between Marx's economic teaching and Lenin's theory of imperialism as two parts of a single Marxist-Leninist teaching on the capitalist mode of production at the various stages of its development. From that also follows the continuity of the scientific forecast of the fate of capitalism, of the historical inevitability of its replacement by a socialist form of production. Socialist society gets rid of the antagonistic contradictions between the productive forces and the relations of production that are intrinsic to capitalism, and brings into harmony socialised production and production relations based on a social form of property.

Only a socialist form of production, based on social property and a planned system which draws the working people broadly into production management and into social life, a form that does away with profit and selfish private interest as the aim of production, creates rational forms of relations between man and the environment. Only a socialist society provides an opportunity to elaborate and implement collective, rational and scientifically sound decisions to improve both society itself and its surroundings.

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 303.

LENIN ON THE STATE'S ROLE IN THE SYSTEM OF RELATIONS OF MONOPOLY CAPITALISM

Lenin's work does not have a special chapter or section on the state's economic and political role in the system of relations of monopoly capitalism. The principal features and tendencies of etatisation of the imperialist states' economy were dealt with in detail in a number of his other works of that and a later period.[1] But it is in this work that he shows the *intertwining of the interests of the monopolist bourgeoisie and the state*, the connection between imperialist state policy and the selfish economic interests of monopoly capital.

In the chapters on the banks and their new role and on finance capital, Lenin shows the close link between the largest banks and the state, a link which exists along different lines. The banking monopolists head banking groups which enter into agreement on particularly profitable financial operations, among which are state loans. The enormous profit from state loans and other sources (setting up of companies, issue of securities) lays the entire society under contribution to benefit finance capital and strengthens its domination. This advantageous link is also present in the financial assistance to the monopolists on the part of state financial institutions. "... State

[1] "War and Revolution" (1917), "The Impending Catastrophe and How to Combat It" (1917), "The State and Revolution" (1917), etc., and also speeches and texts of party congress resolutions drafted by Lenin.

monopoly in capitalist society is merely a means of increasing and guaranteeing the income of millionaires in some branch of industry who are on the verge of bankruptcy."[1]

The unity of interests of the bourgeois state as a collective capitalist and the big finance bourgeoisie led "naturally" to a personal link-up between them. Lenin writes that the personal link-up between the banks and industry is supplemented by the personal link-up between the finance and industrial monopolists and the government.[2] High-ranking civil servants sit on the boards of banks and monopolies, facilitating big capital's links with the authorities.

The relations between private monopolies and the state are very close in the export of capital, a sizable part of which is effected in the form of state loans. In such cases capital yields large profits from interest obtained from its usurious rather than productive application. Lenin said that this is a form of parasitism on a state level. At the start of the century, France was a rentier state that largely exported loan capital. Export of capital was one of the bases for the formation of imperialist relations in the world capitalist economy for it created varied forms of state economic dependence.

Monopoly capital and the state also cooperate actively in the economic division of the world. "... Private and state monopolies are interwoven in the epoch of finance capital"; for "both are but separate links in the imperialist struggle between the big monopolists for the division of the world".[3] The state supports "its" monopolies and promotes their economic expansion.

[1] V. I. Lenin, *Collected Works*, Vol. 22, p. 218.
[2] Ibid., pp. 221-22.
[3] Ibid., p. 251.

Seizure of territory was a reliable way of assisting the monopolies' economic expansion, which is why the imperialist states become actively involved in the political redivision of the world mentioned above.

Analysing imperialism as a parasitic and decaying phenomenon, Lenin paid special attention to the usurious activity of some imperialist states, pointing out that the capitalist world was divided into a handful of creditor countries and an overwhelming majority of debtor countries. Although the usurer states have developed industry and substantial commodity export, their earnings from non-productive activity, from interest, commissions and speculation of all kinds are still increasing.

This circumstance naturally affects all social and political conditions of the imperialist states causing disintegration of the social system and facilitates the bribing of such strata of the population who willingly support and vote "for" the imperialist policy of "their" state.

Thus, the basic directions of the combining of forces by monopoly and finance capital, and the bourgeois state into a single mechanism for enriching the monopolies, a phenomenon which Lenin later[1] called state monopoly capitalism, is already evident in this work.

The numerous close ties noted by Lenin between monopolist industrial and banking capital and the state apparatus developed further in subsequent years. The vigorous activity of the biggest banks to float state loans, state financing of major corporations working on state orders, and cooperation between state enterprises and private big business in formulating a prices and incomes policy are all widely practised every day by capitalist states.

[1] At the Seventh (April) All-Russia Conference of the RSDLP(B), in a speech in favour of the resolution on the current situation—29 April (12 May), 1917.

The personal link-up between finance capital and the state has been developing. Retired politicians with extensive contacts often become directors of large monopolist corporations, banks and other financial organisations, and economic consultants of big firms.

The clearest example of the intertwining of interests and practical activity of finance capital and the state is the military industrial complex of the imperialist countries, which is a new stage in the pooling of the monopolies' gigantic forces with that of the state into a single mechanism "bringing tens of millions of people within the single organisation of state capitalism".[1] The military industrial complex enables the state to be broadly involved in private business and is a source of income for the ruling bureaucratic clique. The monopolies are interested in "cooperating" with the state in the military area because they gain the stable state market with its guaranteed high prices. The monopolies of the military industrial complex make particularly large profits.

[1] V. I. Lenin, *Collected Works*, Vol. 24, Progress Publishers, Moscow, 1974, p. 403.

SOME METHODOLOGICAL ADVICE TO STUDENTS OF LENIN'S WORK

A specific feature of Lenin's *Imperialism, the Highest Stage of Imperialism* (indeed, a feature of all classics of Marxism-Leninism) is that it goes beyond superficial, particular, accidental phenomena to the profound and law-governed causes of the processes examined. This should be borne in mind when studying Lenin's work and comparing its propositions with the present-day situation in capitalist and liberated countries. Considerable changes have occurred in the world economy since the second half of the 20th century, changes which have affected the economic structure of the modern world as a whole and of individual countries. A different political situation obtains in our day but the essence of the uniformities and tendencies discovered by Lenin remain unchanged.

When reading the book, it is a good idea to single out all the places in which important conclusions are drawn relative to the uniformities characteristic of the new monopoly stage of capitalism. This will provide a basis both for understanding and for applying Lenin's ideas in the contemporary situation.

Based on national and international statistics, present-day material, and daily political and social events, one should try to show the operation of the profound uniformities that actually underlie the events and tendencies observed. This is first and foremost the continuing concentration of production and capital in countries where capitalist relations dominate. Note should be made of the monopolies' expanding power, finance capital's increased influence, and the strengthening and extension of its international ties. In its turn, the monopolies' tighter stranglehold intensifies all types of exploitation and aggravates the antagonistic socio-economic contradictions. It is especially important to observe how finance monopoly capital's interest in maintaining its domination in the world constantly gives rise to a military danger, regularly leads to wars in various parts of the globe, and creates a generally unstable situation in the world.

The best way to study Lenin's work is to consider its relevance and understand that the uniformities he discovered are characteristic of our day as well. They explain a great deal and give an orientation in the stream of rapid successive events.

When studying Lenin's work it is very important not to lose sight of the fact that the specific features and uniformities of imperialism are not separate events independent of each other but relations that constitute a tightly linked unity in which everything is mutually conditioned and dependent. Special attention should be paid to these dependencies. Thus, under capitalism concentration of production and capital at a very high level inevitably leads to monopolist relations. Banking and industrial monopolies cannot exist without forming a close interconnected unity–finance capital, which entangles the whole world in its nets, brings about concentration of production and capital worldwide, creates a worldwide system of domination and submission, etc.

From that follows an important conclusion for the practical application of Leninist theory: imperialism should not be fought as if it is a partial phenomenon;

7-465

the fight should not be against just any one of its manifestations. The struggle against imperialism is effective only when it is against a system of relations. For example, the struggle against the stranglehold of the monopolies and finance capital will hardly be truly successful so long as the enormous accumulation of means of production and financial resources remain in private hands. The national economy cannot be completely freed of international monopolies (even if they are driven out of the country) as long as the banking monopolists have the power to dictate their will using credit, and as long as there is the general unequal division of labour in the capitalist world. The struggle against imperialist wars must also be a struggle against the main cause of them—monopoly capital.

It is very important to note the role played by the socialisation process. It is precisely the socialisation of production and the development of social relations of production, close economic dependence between commodity producers, firms, branches and regions that cause first the concentration of production and then on that basis the emergence of monopolies, their transformation into international monopolies, and the formation of monopolist relations at the state level. The socialisation process continues apace even in a monopolised economy. It stimulates etatisation of the economy and the need for state control over the activity of private enterprises and banks, leading in some cases to nationalisation.

"Socialisation" of the productive forces and transformation of capitalism into non-capitalism are reformist forms of etatisation that are acceptable within the framework of the capitalist mode of production. An important conclusion of Lenin's work is that capitalism will not automatically "evolve into" socialism. At a sufficiently high level, socialisation only creates the prerequisites for full socialisation, i.e. removal of private ownership of the means of production and establishment of a socialist form of production. Only a revolution can bring about such a transition.

GLOSSARY OF TERMS

B

Banking Monopolies, biggest banks which concentrate in their hands the overwhelming part of monetary and loan resources and thus control finance and industry. Banking monopolies gain economic dominance in capitalist countries by concluding agreements between themselves.

Banks, credit and financial institutions which accumulate inactive money and provide enterprises and persons with loans. They also issue securities and money, guarantee loans, and hold property in trust.

C

Capitalist Monopolies, the biggest enterprises, firms, or amalgamations appropriating much of the material, human, financial resources, and scientific and technical potential in an industry which make it possible to control production and the market in order to derive monopoly superprofits.

Cartel, a form of monopoly association whose participants conclude agreements on the division of markets, on prices, production quotas, patents for new technology, etc., while enjoying production and commercial independence. The aim of a cartel is to sustain high monopoly prices and to derive monopoly superprofits.

Colonial System of Imperialism, the totality of colonial and dependent states; was a sphere for investment of capital from the metropolises and one of the most important sources of monopoly superprofits. After World War II, collapse of the colonial system began as a result of strengthening of socialism and the upsurge of the national liberation movement. The process was in the main completed by the end of the 1970s.

Colony, a state or a territory deprived of economic and political independence under the rule of a foreign state, or metropolis.

Combination of Production, a form of concentration of production; cooperation between different types of production within one enterprise or group of connected enterprises where products of one enterprise serve as the starting material (raw materials, semi-finished items or auxiliary elements) for further production.

Competition, struggle between private commodity producers for more profitable conditions of production and sale and for the highest profits.

Competition, Monopolistic, an especially fierce competitive struggle between monopolies; includes heavy pressure on competitors through pricing and other methods.

Concentration of Capital, expansion of capital through accumulation of surplus value, i.e. capitalisation of a part of it. Amassing of capital can take the form of merger of several capitals.

Concentration of Production, accumulation of an increasingly large proportion of the means of production, labour force, and industrial production within large enterprises, thereby increasing the absolute size of an enterprise and its share in overall production of a given industry. Concentration of production and concentration of capital are interlinked and interdependent processes.

Concern, a widespread form of monopoly association. It includes several enterprises or companies that are formally independent but actually under the financial control of a parent company. Not infrequently, enterprises and companies of a concern are closely interlinked in production and can form a single technological process. A concern ensures superprofits through control over production and marketing.

Conglomerate, a form of monopoly amalgamation which exercises financial control over companies operating in technologically unrelated branches of industry.

Controlling Packet of Shares, a certain number of shares which ensures its owner domination of a joint-stock company. One formally needs to possess 51 per cent of the total number of shares but in practice, with a large number of small shares, much less (from 5 to 10 per cent) is usually sufficient.

Corporations, another name for joint-stock companies, varying in size. In capitalist countries a small number of corporations, less than one per cent of the total number, dominates the economy.

Credit, money or commodity lent on interest; under capitalism, a form of movement of loan capital. The two main forms of credit are commercial and bank credits.

D

Diversification, investment by giant monopolies in industries having no direct links with the main sphere of the monopolies' activities. As a result of this, the monopoly association of today is a complex multi-sectoral organisation; diversification makes the monopolies more profitable.

F

Finance Capital, monopoly industrial capital which has merged with monopoly bank capital; it is formed as a result of high concentration of capital in production

and banking by a small number of capitalists known as the financial oligarchy.

Financial Oligarchy, the top echelon of the monopoly bourgeoisie representing finance capital. It includes the big owners of industrial, trade, and banking enterprises and associations, and the top managers of big corporations and financial institutions. The financial oligarchy holds controlling positions in the capitalist economy and influences the policy of the state.

G

Gross National Product, an economic indicator used in bourgeois statistics; it expresses, in market prices, the aggregate value of the final output of the branches of material production and the non-productive sphere. It is calculated in money terms as the sum of commodities and services consumed, capital investments, state purchases, and the balance of payments.

H

Holding System, acquisition of a controlling packet of shares of another company, the "daughter" company, by the head company–the mother. The daughter company, in its turn, owns a controlling packet of a third, "grandchild" company, and by consistently following this system the mother company can control a large number of enterprises.

I

Inflation, filling of money circulation channels with paper money over and above actual economic requirements as a result of over-issue of paper money or reduction in the mass of commodities. It is manifested in devaluation, the rise of prices and a drop in real wages.

Inflation makes a capitalist economy more unstable.

Infrastructure, a set of economic branches servicing production. It includes highways and ordinary roads, canals, airfields, power plants and lines, transport, communication, water-supply, education, the health service, etc.

Institutional Investors, organisations which invest capital. They are: banks, investment trusts, insurance companies, pension funds, and trade unions.

Internationalisation of Capital, expansion of the sphere of operation by capital, mainly by large monopoly capital, beyond the limits of the national economy. It is characterised by the turning of monopoly capitals into a multinational capital, merger of capitals in joint ventures, patent and license agreements, joint holding of shares, etc.

J

Joint-Stock Company, the most common form of enterprise in the capitalist countries; joint-stock companies acquire their capital by selling shares. Profits are distributed among the shareholders in proportion to the capital invested.

M

Managers, persons in charge of capitalist enterprises, directors of companies, or their departments or branches. Their functions (running of capitalist production) and the size of their income (participation in the appropriation of capitalist profits) place them in the category of the big monopoly bourgeoisie.

Military Industrial Complex, in imperialist states, an alliance of military and industrial monopolies, part of the state and military leaders; pursues a policy of stepping up the arms race and the rate of military production, and of unleashing military conflicts.

Monopolies, International, big monopolies whose economic activities cover a number of countries. They establish branches in foreign countries, exploit manpower, raw material and other resources there, and derive huge monopoly profits.

Monopoly Price, a special form of market price formed under the regulation of a monopoly, and a primary lever for realisation of monopoly superprofit. There are two kinds of monopoly price: monopoly-high, at which monopolies sell their products, and monopoly-low, at which they buy raw materials from non-monopolised producers and developing countries.

Monopoly Profit, a form of income of capitalist monopolies, whose rate is higher than that of average capitalist profit. It results from concentration by monopolies of the most important factors of production, which help a) to increase the rate of the exploitation of workers, b) to redistribute incomes through market prices in favour of monopolies, and c) to appropriate part of the new value created by the workers in developing countries through international trade and export of capital.

N

Nationalisation Under Capitalism, transfer of enterprises and production branches from the private property of capitalists or their associations to the property of the capitalist state, which acts as an aggregate capitalist. In developed capitalist countries, nationalisation is a measure of state monopoly capitalism and serves mainly to re-equip capital-intensive industries. In developing countries, nationalisation is usually directed against foreign capital and neocolonialism, resulting in a state sector which serves as a basis for the national economy.

Neocolonialism, a system of unequal economic and political relations imposed by imperialist states on young sovereign developing states. It is based on the backwardness of the latter and on their unequal position in the world capitalist economy.

Non-banking Financial Institutions, insurance companies, savings banks, pension funds, investment companies, i.e. component parts of the system of finance capital which help to collect savings and through their concentration turn them into capital in the hands of financiers.

P

Personal Link-Up, a form of integration of industrial and banking monopolies, and of state bodies established through a) joint acquisition of shares, b) appointment of the same persons as directors of several corporations and banks, and c) nepotism.

S

Share, a security evidencing the investment of a certain sum of money in a joint-stock company and giving its holder the right to a certain part of the profit, in the form of income on the share, i.e. a dividend.

Socialisation of Production, deepening of social ties between producers through greater social division of labour. It manifests itself in a strengthening of the interdependencies between specialised industries or branches. Its forms include concentration and centralisation of production.

Specialisation of Production, a form of social division of labour between different enterprises and branches of the economy. The features of specialised production are uniform products and technological processes, special equipment and staff.

Syndicate, a form of monopoly association. Syndicate members remain owners of their means of production and are independent in production but not in commercial matters. The product manufactured is sold by the joint sale office.

T

Trust, a form of monopoly association in which the enterprises have no production or commercial independence. The capitalists who own the enterprises receive a certain number of shares in accordance with the value of the capital invested. Real power is concentrated in the hands of the trust board. The aim of the trust is to derive monopoly profits.

Trust Operations of Banks, holding in trust of private property, mainly shares, by banks.

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