



# Lenin and the theory of imperialism

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More than half a million children have died in Iraq since 1990 as a result of United Nations' sanctions. Millions are dying in Africa because of a lack of drugs to fight AIDS. Pro-independence supporters are shot dead in the streets in East Timor with arms sold to Indonesia under New Labour's ethical foreign policy. This is the world at the end of the twentieth century.

Marxists call the world system that has dominated this century imperialism. It was Vladimir Lenin who analysed developments within capitalism in his pamphlet, *Imperialism, the Highest Stage of Capitalism*, published in 1916. He sought to explain the causes of the first world war, which was then raging, as being rooted within the stage of development that capitalism had reached rather than as a result of the policies of governments or the "accidents" of history.

Lenin argued that twentieth century capitalism was no longer dominated by individual capitalists operating in a market ruled by free competition. Instead, there had been a massive growth in monopolies - huge corporations cornering the market and dominating it.

Monopolies were formed through the concentration of production in ever larger enterprises, through merger or buying up of competitors. This concentration often coincides with combination, that is the grouping together in a single enterprise of several different branches of industry e.g. a large steel plant that smelts iron ore, converts pig iron into steel, then rolls the steel into plate.

The endless push to maximise profit drives the capitalist to concentrate and combine, and so dominate more of the market. If a capitalist buys up or develop industries that provide raw materials or further processes products (combination) initial costs are cut so more profit is extracted from the finished goods. Once started this process is inexorable and the concentration of enterprises becomes so great that no competitors are left and the capitalist has a monopoly.

Lenin believed the end of free competition and its replacement with the rule of monopolies was largely completed by the beginning of the twentieth century. Yet it originated in the 1860s when free competition reached its peak. Capitalists began to see the advantages of monopolies and cartels (monopolists joining forces on an international basis - also known as trusts) to reap greater profits from the booms and survive the slumps.

After the relatively long boom at the end of the nineteenth century and the crisis of 1900-1903, monopolies and cartels were established as "one of the foundations of economic life". In the US in 1904, 1.1 per cent of businesses were responsible for half of all production.

Lenin wrote: "Capitalism in its imperialist stage leads right up to the most comprehensive socialisation of production; it drags the capitalists, against their will and consciousness, into some sort of a new social order, a transitional one from complete free competition to complete socialisation."

But while "production becomes social... appropriation remains private. The social means of production remain the private property of a few."

The privileged position of the monopolies leads to a greater and greater contradiction between their advanced

development and the lack of development of other sections of industry. The drive for domination leads inevitably to conflict and crises.

The tendency to concentrate is also apparent within finance capital. The banks developed from being "middlemen" used by the capitalists into powerful monopolies themselves, controlling the money capital of businesses, large parts of the means of production and the sources of raw materials nationally and abroad. They achieved this by directly annexing other banks and making them into their branches and indirectly by acquiring holdings and shares in banks and businesses.

The last years of the nineteenth century and the beginning of the twentieth saw massive expansion in the network of banks, their rapid concentration and a huge growth in their turnover. By 1909 the three big Paris banks had 1,229 branches in France and the number of accounts of the Credit Lyonnais had risen from 28,535 in 1875 to 653,539 in 1912.

From carrying out technical operations the banks had come into their own, the enormous scale of their dealings meant, said Lenin, that "a handful of monopolists subordinate to their will all the operations both commercial and industrial, of the whole of capitalist society; for they obtain the opportunity ? by means of their banking connections, their current accounts and other financial operations ? first, to ascertain exactly the financial position of the various capitalists, then to control them, to influence them by restricting or enlarging, facilitating or hindering credits, and finally entirely determine their fate, determine their income, deprive them of capital, or permit them to increase their capital rapidly and to enormous dimensions etc."

They become the "common bookkeepers" of the whole capitalist class, organised and socialised in the same way as industry. Through the acquisition of shares and holdings in industry and through the appointment of bank and industry directors onto each others boards, the merging or union of the capital of industry and the banks progresses even further.

Added to this is the role of state officials and ex-state officials on the boards of banks and industry, creating a direct means for the banks and industry to gain political influence. By the turn of the century this process had resulted in domination of finance capital and the financial oligarchy that oversees it.

The dominance of the financial oligarchy also means the dominance of a handful of "financially powerful states". At the time Lenin was writing, the old capitalist countries of Britain and France and the new rapidly expanding capitalist countries of Germany and the United States owned 80 per cent of the world's finance capital between them.

These few rich countries accumulated capital in gigantic proportions and consequently sought means of making greater profits from this capital. Commodities had long been exported but the rise of finance capital saw the concurrent rise in the export of capital (loans and investment) itself both within undeveloped parts of Europe and the colonial world. The advantages are clear: profits are high because of the scarce capital already there, the cheap land and raw materials, and low wages of the workers. Money can be made from servicing loans, from commercial treaties, from requiring the debtor country to use your country for orders, contracts etc. And all the profits can be repatriated back to the imperialist country itself.

The imperialist nation states had by 1900 completed the seizure of all of the territories on the planet – either directly by colonial rule or indirectly by tying countries into economic subservience while formally observing their independence (semi-colonies) as with Argentina, which was dominated by Britain because of the huge amount of British capital invested there.

Lenin argued that imperialism would not lead to stability but to increasing instability, and a greater tendency towards war and economic crises. The rival imperialist powers would fight over the division and re-division of the world. The history of the twentieth century has tragically proved him to be correct.

The division of the world was about obtaining profits, not promoting world harmony. The divisions were according to relative strength, resting on relative capital – there was no virgin territory or market left, so instead of division, the

cartels and imperialist nations would have to resort to re-division to increase their share, leading to instability and even war.

Overall Lenin predicted a tendency of the imperialist nations to become ever more parasitic on the rest of the world ö usurers, loan sharks, bullying less powerful nations to give up their goods and raw materials.

Despite their enormous power and influence "finance capital and the trusts do not diminish but increase the differences in the rate of growth of the various parts of the world economy". This creates massive contradictions and tensions around the globe, and for all the incredible advances in productive forces we have seen this century, imperialism has not even come close to solving those contradictions ? as the 31 wars that took place last year alone prove.

Lenin's words, written during the first imperialist war are as true as ever: "what means other than war could there be under capitalism of removing the disparity between the development of productive forces and the accumulation of capital on the one side, and then division of colonies and "spheres of influence" for capital on the other?"

What does imperialism mean for the world working class? Exploitation, oppression and misery. Imperialism as an economic system relies on the exploitation of the non-imperialist world: colonies in Lenin's day, semi colonies today.

Imperialism also played a role in keeping the working class in the imperialist countries in check. As arch-imperialist Cecil Rhodes admitted in 1895:

"The Empire is a bread and butter question. If you want to avoid civil war, you must become imperialists."

In other words British bosses could deploy the greater profits made as a result of imperialism (super profits) to stop revolution at home. A section of the working class could be "bought off" (at least temporarily) with some of these super profits. As well as higher wages and better terms and conditions for this layer of workers ö the labour aristocracy ö improvements in sanitation, lighting and housing benefited the mass of workers.

The bitter legacy of this exploitation of the colonies and semi-colonies is not only the enduring poverty and oppression that blights Africa, Latin America and Asia, but the racism that was used to ideologically justify the subjugation of millions upon millions of people. The beginning of the imperialist age saw a huge rise in rabid nationalism, militarism and the first anti-immigration laws.

None of this means that the workers of the imperialist heartlands are lost forever to the cause of socialism. Every crisis forces the capitalists to turn on the working class ö including the aristocracy of labour. Every struggle contains the potential for generating the solidarity and class consciousness that undermine all divisions inside the working class, including racism. And, because of the very nature of the imperialist system ö characterised by war and crisis, the likelihood for such struggles increases.

Indeed, here was the final element of Lenin's theory of imperialism ö namely that it opened up an epoch of wars and revolutions. He was right. The list of revolutions this century is enormous, stretching from Russia in 1905 to Indonesia in 1998. Those revolutions are as much a part of the imperialist epoch as war and economic crisis. And those revolutions hold the key to overthrowing the imperialist world order. The question becomes: can revolutionary socialists win leadership of the masses in order to push those revolutions towards a final victory against capitalism? For Lenin the age of imperialism made the need for revolutionary internationalism literally a matter of life and death for the workers of the world. And so it remains for us today.

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