

# Imperialism — the Final Stage of Capitalism

(Continuation)

By N. Lenin

## IV. The Export of Capital.

UNDER the older Capitalism and unrestricted competition, the most typical phenomenon was the export of goods. Later day Capitalism, with monopoly enthroned, is primarily interested in exporting capital.

Capitalism is the production of merchandise raised to its highest degree, labor itself being also merchandise. Barter, national and international, is the distinctive characteristic of Capitalism.

The uneven and fitful development of the various enterprises, of the various branches of industry, in the various countries, is an unavoidable consequence under Capitalism. England became a capitalistic land at an earlier date than the other nations, and in the middle of the 19th century, practicing free trade, she aspired to be the workshop of the world, shipping manufactured goods to all the countries which were, in their turn, to supply her with raw materials. But in the last quarter of the 19th century England began to lose that monopoly, for a number of other nations, protected by high custom tariffs, developed into independent capitalist powers. At the dawn of the 20th century we witness the growth of a new form of monopoly: First, monopolistic unions of capitalists in all the countries where Capitalism has developed. Secondly, the assumption of a monopolistic position by certain over-wealthy nations where the accumulation of capital has reached gigantic proportions. Capital is abundant in up-to-date nations.

Of course, if Capitalism could develop agriculture, which everywhere has curiously lagged behind industry, if Capitalism could raise the life standards of the masses, which, in spite of our incredible scientific advance, are destitute and on the verge of starvation, we would not need to speak of the "abundance" of capital.

This is one of the "arguments" brought forth by *petit bourgeois* critics of Capitalism. But then Capitalism would not be Capitalism, for irregularity of development and a low standard of life for the masses constitute the fundamental, unavoidable conditions, the premises, so to speak, of this form of production.

As long as Capitalism remains Capitalism, the profits of capital will not be applied to raising the life standards of the masses in any given country, for this would reduce the profits of the capitalists; they will be used in increasing still more those profits by being exported to backward foreign countries.

In those countries capital's profits are generally large, for the number of capitalists is small, the price of land is low, labor and raw materials cheap. Capital is being exported for the purpose of bringing the backward nations into the sphere of exploitation of world Capitalism, by building railroad lines, furnishing the first elements necessary for the development of industry, etc. Capital has to be exported because in many lands, Capitalism is overripe, and capital cannot be invested profitably enough on account of the backwardness of agriculture of the destitution of the masses.

The table below indicates approximately the amounts of capital exported by the three leading countries. (60)

Capital invested abroad in billions of francs.

Years	England	France	Germany
1862	3.6	—	—
1872	15	10 (1864)	—
1882	22	15 (1880)	?
1893	42	20 (1890)	?
1902	62	27.37	12.5
1914	75.100	60	44

We see from the table that the export of capital only assumed giant proportions at the beginning of the 20th century. Before the war the foreign investments of the three leading nations amounted to between 175 and 200 billions. The profits derived from those investments computed at the modest rate of 5% must have been from 8 to 10 billion francs a year. Such is the solid foundation for the imperialistic subjugation and the exploitation of the majority of the nations, and for the capitalistic parasitism of a few wealthy powers.

Let us see how those foreign investments are divided up among the various parts of the earth and then we will begin to understand the general workings of present day Imperialism.

Parts of the world in which foreign capital was invested about 1910. (In billions of marks).

	England	France	Germany	Totals
Europe	4	23	18	45
America	37	4	10	51
Asia, Africa				
Australia	29	8	7	44
Totals	70	35	35	140

English investments are absorbed first by her many colonies in America (Canada), in Asia and other parts of the world. The export of capital is in this case dependent upon the ownership of large colonial lands, whose importance for Imperialism we shall discuss later. France is in a different position. Her foreign investments are mainly made in European countries, particularly in Russia (at least 10 billion francs), and they are rather in the shape of loans made to governments than in the shape of industrial investments. English Imperialism could be designated as colonial Imperialism, French Imperialism is rather usurious Imperialism. Germany finds herself again in a different position: her colonial empire is meager, and her foreign investments are almost equally divided up between Europe and America.

The export of capital into a country has a tendency to develop Capitalism in that country. If that export causes a certain degree of stagnation in the exporting countries, it tends on the other hand to bring about a broader and deeper development of Capitalism in the world as a whole.

The exporting countries always manage to secure advantages whose character throws a flood of light upon this peculiar era of finance capital and monopoly. This is what appeared in October 1913 in the Berlin review *Bank*:

"On the international money market there is being performed a comedy worthy of Aristophanes' pen. A number of governments, from Spain to the Balkans, from Russia to Argentina, from Brazil to China are coming openly into the great money markets with urgent applications for loans. The money markets are not now in a very favorable condition, nor is the outlook cheerful. But not one of the markets dares to say no for fear some other market will make the loan and thereby secure decided advantages in return for that accommodation. In all those international deals, the creditor always secures certain privileges:

## The Left Wing

By C. E. Ruthenberg

Secretary, Socialist Party of Cleveland and its Candidate for Mayor.

THE indorsement of the Left Wing Manifesto and Program by Local Cleveland, Socialist Party, means the repudiation of all purely political or legislative reform and the substitution of mass action by the workers. This means that we will hereafter cease to participate in election campaigns for the immediate purpose of effecting social reforms, but will use political action only as an educational weapon.

As set forth in the Left Wing program, political action, revolutionary and emphasizing the implacable character of the class struggle, has now overthrown the old idea of attempting to carry out various local reforms such as better housing or municipal ownership of street car lines. For this, we have substituted the industrial revolution as the only means of overcoming the capitalistic state.

The Cleveland Socialist Party contains 3500 active card members, and is, I believe, the third largest organization in the United States, and this action in indorsing the Left Wing program follows that of the Left Wing section of Local New York, Locals Philadelphia, Boston and a score of other locals. The meeting which brought about this indorsement also indorsed a call to formulate a national statement and a call for a national referendum of the Socialist Party, initiated by the central branch of Local Boston, which resolution also provides that international delegates now being elected by the Socialist Party of the United States shall participate only in an international conference called or indorsed by the Communist Party of Russia (Bolshevik) and the Spartacans.

Our program provides that the party must "teach," propagate and agitate exclusively for the overthrow of Capitalism and the establishment of Socialism through a proletarian dictatorship.

In carrying out this program the *Cleveland Socialist* has issued and distributed 65,000 copies of "The Socialist Challenge," and proposes to keep this form of literature constantly before the public. I do not consider my nomination for Mayor as being the important part of the program adopted. Our campaign will be for the purpose of education and to carry on the general propaganda for the organization of workers in the industries through shop organizations and shop committees, which will eventually take control of industry and establish industrial democracy.

It is the mass action that will count in the future warfare against the capitalist state.

trade treaties, coaling stations, contracts for harbor construction, fat concessions, orders for artillery." (61)

Finance capital has fathered the monopolistic era. But every monopoly carries with itself monopolistic principles. Instead of competition in the open market, "good connections" lead to profitable deals. It is the same old story: loans are made on the condition that part of the moneys loaned shall be spent in buying merchandise from the creditor nation, especially ships and armaments, etc. In the course of the last two decades, France often resorted to that expedient. The export of capital to other countries is a means of fostering the export of goods to those countries. Such deals, especially when large enterprises are connected stand, as Schiller would put it politely, "on the border line of a hold up." Krupp in Germany, Schneider in France, Armstrong in England, typify the firms which are closely allied to large banks and governments and which cannot be dodged easily whenever a loan is being made.

When France lent money to Russia on September 10, 1905, she compelled her to grant French capital certain commercial privileges extending as far as 1917. She did the same when she lent money to Japan on August 19, 1911. The tariff war between Austria and Serbia which raged from 1906 to 1911 with only a let up of 7 months, was due to the competition between Austria and France to supply Serbia with military equipment. Paul Deschanel declared in the Chamber of Deputies in January 1912 that, from 1908 to 1911, French firms had sold Serbia 45 million francs worth of war material.

We read in a report from the Austro-Hungarian Consul in Sao Paulo, Brazil: "Brazilian railroads are being built mostly with French, Belgian, British and German capital; whenever they conclude any financial arrangements relative to railroad construction, those countries insist on supplying all the material necessary for the building of the road."

Thus finance capital throws its net, literally speaking, all over the earth. In this connection, colonial banks with their branches play an important role. German imperialists look with envy upon the old colonial empires which are a source of huge profits. In 1904 England had 50 colonial banks with 2,279 branches; in 1902 she had 72 with 5,449 branches; France had 20 of them with 136 branches; Holland 16 with 68 branches, Germany 13 with 70 branches. American capitalists look with envy upon England and Germany which in South America have, respectively, Germany 5 banks with 40 branches, England 5 banks with 70 branches.

England and Germany have invested in the past 25 years some 1 billion dollars in Argentina, Brazil and Uruguay and consequently control 46% of the entire trade of those three countries. (63)

## V. The Division of the World Among Groups of Capitalists

Monopolistic unions of capitalists, cartels, syndicates, trusts, begin by dividing among themselves the national markets, securing a more or less complete control of production in their own country.

Under Capitalism, however, national markets are unavoidably bound up with foreign commerce. As the export of capital increased and foreign and colonial sphere of influence were acquired by the leading monopolistic combines, these combines finally came to conclude international arrangements among themselves, thus organizing international trusts.

This constitutes a new step in the world-wide concentration of capital and production, a step far in advance of the preceding. Let us examine the growth of those super-monopolies.

The electrical industry is, as far as technical progress is concerned, typical of the Capitalism of the end of the 19th and beginning of the 20th century. It has attained its highest development in the two most advanced capitalistic countries, the United States and Germany. The crisis of 1900 exerted a particularly strong influence on the growth of that industry.

Banks, which until then were closely allied to industry, hastened at that time the downfall of smaller concerns, and their absorption by larger ones. "The banks," Jeldels writes, "refused to lend a helping hand to the concerns which needed it most, allowing all the concerns which were not closely enough connected with them to go down in hopeless bankruptcy." (64)

The result of it was that after 1900 concentration proceeded with gigantic speed. Until 1900 there were seven or eight different "groups" in the electrical industry, each group made up of several societies, 28 in all, and backed up by a number of banks, from 2 to 11 for each group.

(To be continued)