

[Old notes on *Imperialism and World Economy* (1915), by Nikolai Bukharin]

It's a brilliant work, more impressive than Lenin's study of imperialism (which it influenced). Bukharin is right to emphasize the two contradictory tendencies of capital: its *internationalization* and its *nationalization*. The latter isn't disappearing even in the age of advanced globalization—which is worrisome, to say the least, given that two world wars resulted from the nationalizing dynamic.

He argues that monopoly capital pushes for high tariffs in order to raise prices in the home market, which allows it to sell products on the world market below the cost of production, i.e., to practice dumping. The dynamic that results on the world scale he describes as follows: “Cartel tariffs and the dumping system practiced by the foremost countries provoke resistance on the part of the backward countries which raise their defensive tariffs; on the other hand, the raising of tariffs by the backward countries serves as a further stimulus to raise the cartel duties that make dumping easier. Needless to say, the same action and counteraction take place both among the foremost countries in relation to each other and among backward countries in their mutual relations. This endless screw, perpetually applied by the growth of cartel organizations, has called forth the ‘tariff mania’...that has grown even more pronounced in our days.” The pressures toward this tariff insanity, which fans the flames of nationalist belligerence, help explain why after World War II international frameworks were developed to coordinate trade policy.

Bukharin continues:

The important economic part now played by tariffs brings about also the aggressive character of the policy of “modern capitalism.” Indeed, it is due to the tariffs that monopoly organizations gather additional profit, to be utilized also as export premiums in the struggle for markets (dumping). This additional profit may grow, generally speaking, in two ways: first, through more intensive selling inside the limits of the existing state territory; second, through the growth of the latter. As regards the former, there is an obstacle here in the shape of market capacity; one cannot imagine that the big bourgeoisie would begin to increase the share of the working class, in order to drag itself out of the mire by the hair.

Cunning businessmen that they are, they prefer to follow the other way, the way of enlarging economic territory. The greater the economic territory, other conditions being equal, the greater will be the additional profit, the easier it will be to pay export premiums and to practice dumping, the larger consequently will be the foreign sales, and the higher the rate of profit.... [I]n our era the interests of finance capital [therefore] demand, first of all, an expansion of the home state territory, i.e., it dictates a policy of conquest, a pressure of military force, a line of “imperialist annexation.”.... There is nothing behind the discussions about the creation of a middle European tariff alliance but the wish to create a vast economic territory as a monopoly system allowing more successful competition on the external market. In reality this is a product of the interests and ideology of finance capitalism which, penetrating into all the pores of [the] world economy, creates at the same time an unusually strong tendency towards secluding the national organisms, towards economic autarchy as a means of strengthening the monopoly situation of the respective capitalist groups. Thus, together with the internationalization of the economy and the internationalization of capital, there is going on a process of “national” intertwining of capital, a process of “nationalizing” capital, fraught with the greatest consequences.

He was certainly right about that. Again, it was one of the fundamental causes, or at least preconditions, of fascism, Nazism, and World War II.

Many of his arguments, like Lenin’s, were stated earlier by J. A. Hobson. For example, the big capitalists seek foreign markets because wage repression ensures that domestic demand is insufficient. (This argument was stated by Marx himself.) Another motive for imperialist annexation/occupation is that with the growth of industry, more sources of raw materials are needed. “England’s policy in Egypt, the transformation of all of Egypt into a gigantic cotton plantation furnishing raw material for the English textile industry, may serve as a striking illustration.” Third, the export of capital increases enormously in the era of monopoly capitalism because of over-accumulation—a paucity of attractive investment opportunities—at home. Also because the incentive to export capital, to establish a base in foreign countries, is even greater when tariffs obstruct the export of commodities from the home country. Bukharin goes on to say

that “capital export unusually sharpens the relations between the great powers. Already the struggle for opportunities to invest capital, i.e., the struggle for concessions, etc., is always reinforced by military pressure. A government or a ‘country’ subjected to the manipulations of the financiers of the great powers ordinarily yields to that party which appears to be the strongest militarily....” And once huge sums of money, particularly fixed capital like railroads, electric plants, large plantations, etc., are invested in a foreign country, the capitalists of the exporting country want their wealth guarded.

All this seems pretty obvious. The reason these dynamics don’t lead to the same annexationist and militaristic-conflict-between-great-powers policies today as they did in the past must be, first of all, that there are things like the UN, the EU, the WTO, and many other bodies that regulate global politics and the economy. Overt militaristic aggression would be frowned on, to say the least.¹ Second, after World War II Europe (and Japan) consciously abandoned, by and large, its former path of militarism. And in the nuclear age nobody wants wars between great powers. Third, after decolonization happened it was more politically difficult to use the heavy-handed tactics of the early twentieth century in dealing with ex-colonies. (This fact, however, has not stopped the U.S. from engaging in various types of militaristic imperialism continually over the last sixty years.) Fourth, after the decades-long, or centuries-long, task of transforming the economic structure of peripheral countries into a capitalist or quasi-capitalist one had finally been achieved—a task that necessitated sustained military intervention, political domination by the core countries, savage policies of (partial) destruction of the peasantry in order to create internal markets, especially labor markets—it was no longer necessary to be quite so interventionist in order to protect assets and make profits. The core countries could now, in general, rely on the power-structures, the class structures, the elite groups they had fostered in the peripheral countries to do most of the work for them, the work of keeping the masses in line and ensuring favorable conditions for capital accumulation.

And yet despite all these facts, military tensions grounded in economic and geopolitical competition persist. The U.S. vs. Russia, the U.S. vs. China, etc.

To resume: “We have laid bare three fundamental motives for the conquest policies of modern capitalist states: increased competition in the sales markets, in the markets of raw materials, and for the spheres of capital investment. This is what the modern development of

¹ As it was when Bush invaded Iraq. But America is the godfather, so it can get away with stuff like that.

capitalism and its transformation into finance capitalism has brought about. These three roots of the policy of finance capitalism, however, represent in substance only three facets of the same phenomenon, namely of the conflict between the growth of productive forces on the one hand, and the ‘national’ limits of the production organization on the other.” Interesting idea. Such a conflict does exist. Only (perhaps) with the destruction of the nation-state will it be possible to use and develop the productive forces rationally, so that they and their socially beneficial use are not obstructed by artificial barriers.

Quoting Hilferding: “The policy of finance capital pursues a threefold aim: first, the creation of the largest possible economic territory which, secondly, must be protected against foreign competition by tariff walls, and thus, thirdly, must become an area of exploitation for the national monopoly companies.” Bukharin expounds on that: “The increase in the economic territory opens agrarian [peripheral] regions to the national cartels and, consequently, markets for raw materials, increasing the sales markets and the sphere of capital investment; the tariff policy makes it possible to suppress foreign competition, to obtain surplus profit, and to put into operation the battering ram of dumping; the ‘system’ as a whole facilitates the increase of the rate of profit for the monopoly organizations. This policy of finance capital is imperialism.” That, in a nutshell, is the Leninist theory of imperialism. The difficult thing is to update it for the twenty-first century.

“[States] have become an exact expression of the interests of finance capital. [That may be exaggerated, but it’s basically true. The state serves the big financiers and industrialists.] Every one of the capitalistically advanced ‘national economies’ has turned into some kind of a ‘national’ trust. This process of the organization of the economically advanced sections of world economy, on the other hand, has been accompanied by an extraordinary sharpening of their mutual competition.... A mighty state military power is the last trump in the struggle of the powers. The fighting force in the world market thus depends upon the power and consolidation of the ‘nation,’ upon its financial and military resources. A self-sufficient national state, and an economic unit limitlessly expending its great power until it becomes a world kingdom—a worldwide empire—such is the ideal built up by finance capital.” He quotes Hilferding:

With a steady and clear eye does it [finance capital] view the Babylonian confusion of peoples, and above all of them it sees its own nation. The latter is

real; it lives in a powerful state, which keeps on increasing its power and grandeur, and which devotes all its forces to making them greater. In this way, the interests of the individual are subjugated to the interests of the whole.... The class conflicts have disappeared; they have been annihilated, absorbed as they are in serving the interests of the whole. In place of the dangerous class struggle, fraught for the owners with unknown consequences, there appear the general actions of the nation which is united by one aim—the striving for national grandeur.

Bukharin remarks: “Thus the interests of finance capital acquire a grandiose ideological formulation; every effort is made to inculcate it into the mass of workers....” Mainstream academics might ridicule all this, but it seems pretty reasonable to me. Nationalism and fascism were able to happen because (at least for a while) they were expressions, albeit perverted ones, of the interests of “finance capital.”

In short, through a variety of complex mechanisms, the conflict between units of capital is sublimated into the conflict between states. And it continues to be. The state is therefore not yet on its way out—although the “nation” is, in a sense. But as the cohesiveness of nations declines, as civil society disintegrates, the state itself will enter a period of crisis. It already is, in fact, partly by virtue of other factors such as colossal government debt (which is indirectly connected to the disintegration of society and nationality).

How closely will history repeat itself? How severe will competition between states be in the next fifty years? Probably not as severe as it was in the epoch of fascism. There will be cooperation between states to put down uprisings and to try to salvage the global economy. But there will also continue to be nationalist economic competition, and it’s impossible to predict how that will play out.

To resume: “Imperialism is nothing but the expression of competition between state capitalist trusts.” The word “trusts” is an exaggeration, but that statement is more or less true. Liberals like Paul Krugman say or imply that nationalist economic competition doesn’t exist or isn’t very important—trade benefits everyone, global interconnection is good for all countries, a rising tide lifts all boats, etc.—but that’s foolish. States do what they can to get the most resources for themselves, often at the expense of others. In the age of monopoly capitalism, this rapacity takes imperialistic forms. Surplus extraction through trade, investment, colonialism, and

war—in partnership with corporations (effectively as their servant and enforcer). Robin Hahnel’s [*ABCs of Political Economy*](#) (2003) discusses some of the ways in which states may, through trade and foreign investment, gain at the expense of their “partners” and competitors.