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White-Settler Colonialism and the Myth of Investment Imperialism

'Financial' imperialism is a fashionable term. It is supposed to be different in nature from the 'mercantile' imperialism of the 17th and 18th centuries, to have matured during the last quarter of the 19th century and to have led to the 'informal' and then the 'formal' take-over of the world, culminating in the sharing out of the last unoccupied territories—Africa, the Ottoman Middle East and Indochina. This theory has been put to severe trial recently. The huge colonial empires, which had taken centuries to build, broke up in a few years without proportionate violence and without any marked impoverishment of the great imperial parent states or any reduction in their capacity to exploit the rest of the world.

The concepts of neo-colonialism and neo-imperialism are unsatisfactory. They were devised for argument's sake, in the face of an unexpected situation, and they fail to save the traditional theory. For it is becoming increasingly obvious that political domination, far from having been the condition or even the crowning of economic domination (or what I would call exploitation), really ran counter to it. It is a sign of the times that in such a traditionalist context as the 1970 Seventh World Congress of Sociology, held at Varna in Bulgaria, a voice should have been raised to condemn clearly and frankly 'the false identification of imperialism with colonialism' and to assert that the colonial phenomenon, from 1880 to the last war, was only an 'avatar' of imperialism, which has existed long before it and which it both distorted and hindered, although it was none the less a historical necessity.[1]

Unfortunately a certain piety towards Lenin's writings still prevents Marxists from disengaging themselves intellectually from the influence of a marginal work which never had any scientific pretensions, and which was written rapidly, in the difficult conditions of exile, with no other documentation to hand but the Bern library. The author himself described it as a simple 'attempt at popularization'; and far from being a general theory of imperialism, it was only an empirical analysis conditioned by a particular historical situation.

I believe this quasi-religious attitude explains the repeated misunderstandings and deficiencies of revolutionary Marxism in the face of all the major events that have accompanied decolonization—such as the secessions of Katanga and Rhodesia, the Biafra war, and even the Algerian war and the Israeli-Arab conflict. Marxists seem to circle round and round these problems without knowing from which angle to tackle them. Innumerable 'mini-theories' are produced that contradict one another; words are refuted by other words; and no current doctrine of imperialism is accepted by more than a small group, even within the great 'left-wing' parties themselves on those occasions when reflection is encouraged, allowed or simply tolerated. This confusion becomes unbearable when the inadequacy of the old concepts is recognized and people try to save them with a multitude of deductive developments instead of firmly replacing them by new ones.

The main aim of this article is to show up a particular deficiency of the traditional schemas. This is their failure to recognize a third factor that intervenes between imperialist capitalism and the peoples of the exploited countries, i.e. the colonialists themselves. Not only does this deficiency seem to us to be the most topical one and the one most immediately linked to certain present-day problems of the utmost urgency, but its examination will enable us to consider in logical order a whole series of other contradictions between accepted notions and reality.

The Second Wave of Colonialism

It is useless to go into the various constraints and inducements that suddenly launched the policy of colonial conquest and expansion at the end of the 19th century. As J. Galagher and R. Robinson put it, 'Why, after centuries of neglect, the British and other European governments

[1] Paper by C. Coquery-Vidrovitch: 'De l'Impérialisme Ancien à l'Impérialisme Moderne: l'Avatar Colonial.'

should have scrambled to appropriate nine-tenths of the African continent within sixteen years, is an old problem, still awaiting an answer.'[2] One thing seems certain, however, and is beginning to be widely accepted. Whatever the motivating forces behind this adventure, the advanced capitalist world did not receive any *supplementary* benefit from the direct administration of these new territories.

Without going into the details of Coquery-Vidrovitch's demonstration mentioned above, or into those of authors like Strachey, Brunschwig, Crouzet, etc,[3] one can say that the imperialists' easy renunciation of their colonies and the fact that it caused them no loss or reduction of earnings, provides a strong argument, at any rate *a posteriori*, in favour of the theory according to which direct administration of the underdeveloped countries ceased, at a certain moment, to be profitable, and from then on added nothing to the automatic machinery of exploitation and 'blocking' constituted by the free play of world economic forces and relations of production.

This does not necessarily mean that colonialism was a technical error. As Sweezy has said so well, speaking of British colonialism: 'Though English capitalists may have little to gain through annexation . . . they may have much to lose through annexation by (others) . . . The result may appear to be a net loss . . . (but) what is important is not the loss or gain compared to the pre-existing situation, but rather the loss or gain compared to the situation which would have prevailed had a rival succeeded in stepping in ahead.'[4]

There is nothing new in this. Impelled by competition and by their internal contradictions, capitalists are often obliged, within each country, to act in a way that is prejudicial to their class and their system. The same is true in the international sphere. Imperialism as a whole would perhaps have gladly avoided the expense of administering the backward countries directly, but each imperialist taken separately had no choice. It was, in fact, on these antagonisms and this competition that Lenin based his refutation of Kautsky's theory of ultra-imperialism, according to which the trend towards concentration would culminate in some kind of monopolistic planning on a planetary scale, which would in turn lead to universal peace and the rational organization of the world economy.

This explanation is plausible. It is confirmed by some of the most pertinent historical analyses. Fear of foreign interference on the route to India seems to have determined England's take-over in South Africa and her intervention in Egypt. Then, during a second period, and indirectly, the link-up between these two areas seems to have conditioned the English predilection for East Africa, which in turn incited the French to seize the Western side, and so on. National prestige, military ambition, 'retaliation', pure power politics, the various 'civilizing

[2] *Africa and the Victorians*, London 1963, p. 17.
[3] John Strachey, *End of Empire*, London 1961; Henri Brunschwig, *Mythes et Réalités*, Paris 1960; François Crouzet, 'Commerce et Empire', *Annales* No 2, March-April 1964.
[4] *The Theory of Capitalist Development*, New York 1942, p. 303.

missions', often provided sufficient immediate motivations for this or that costly and irrational colonialist operation. But all this belongs in turn to an ideological superstructure that would not have existed if international imperialism itself had not been there already, with its need for economic expansion and exploitation.

An Independent Factor: The Colonials

This explanation is, however, neither complete nor sufficient. If the colonial problem, as an 'avatar of the imperialist process', was only due to the internal political contradictions (and complications) of international imperialism, it would be difficult to account for the determination of small countries like Belgium, Holland and Portugal to establish and above all to preserve empires showing a deficit, whose political appropriation ran counter to the properly understood interests of the capitalists. Leaving Portugal aside, it is difficult to see what particular advantages the colonies brought to the great Belgian and Dutch financiers by contrast with those of countries like Denmark, Switzerland, Sweden, etc.[5]

That an accident of history led to the colonization of the Congo, through a combination of Leopold II's personal ambition and the lack of resistance of leading Belgian capitalists, is plausible. But that Angola and Mozambique should be passionately clung to by Portugal today against all odds, although financial capitalism is practically inexistent in that country, and although the highly imperialistic CIA finances the liberation movements of their inhabitants, cannot in any way be the result of investment and monopoly imperialism, whether directly or indirectly, positively or negatively.

Things change and everything becomes clear, however, if one admits that beyond the causes that are so to speak 'inherent' in capitalism, there exists another independent motive force that generates the colonial phenomenon, a social factor proper to it that embodies the contradiction referred to earlier. This motive force proper to colonialism is none other than the colonials themselves—and in this category I include not only the settlers but a whole import-export world, including the local staff of the great home-based companies and the colonial civil servants (at any rate the lower grades), not forgetting the agents and backers of these interest-groups in the parent country.

For these people, the colonial adventure was neither a 'hindrance', a 'contradiction' nor a 'distortion',[6] but the mainspring of their existence and their supreme justification. They benefited from colonialism and

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[5] Neither these territories, nor generally speaking any of those that were acquired during this second period of imperialism (that has been called 'investment imperialism'), were choice areas for financial capitalism. Moreover, England, which was at the spearhead of the colonial scramble, could scarcely be said to be the country of cartels and other forms of capitalist concentration, particularly at that time. On the contrary, says Sombart, these phenomena are to be observed in certain countries like Switzerland, which show no tendency towards imperialist expansion, with or without political domination. (*L'Apogée du capitalisme*, Paris 1932, Vol. I, p. 90.)
[6] Terms used by Coquery-Vidrovitch to describe the colonial phase of imperialism.

therefore promoted it, without reserve or contradiction—and for this very reason they were basically anti-imperialistic, however paradoxical this may seem. From the very beginning they were in conflict with their respective parent countries and therefore with imperialism itself—objectively so at all times, subjectively so at times of crisis, going so far as to take up arms against it (Algeria, Congo, Biafra, etc).

This highly retrograde and reactionary element led the struggle on two fronts—unyieldingly and wholeheartedly against the natives of the occupied territories, relatively and occasionally, but often very violently against the great capitalists 'back home'. However, precisely on account of its antagonistic relation with big capital this element was for long viewed favourably, even supported, by the left-wing parties in the respective metropolitan countries. The result was a mechanical transposition into the colonies of slogans from the anti-monopoly struggle as waged within the metropolises. Everything was now back to front. For, in the specific conditions of certain colonies and notably those in Black Africa, where neither national bourgeoisies nor genuine indigenous proletariats existed, and where there were strong tribal residues and no infrastructure or socio-economic development to speak of—in such conditions the great impersonal enterprise constituted, paradoxical as this may appear, if not the most progressive factor at least the most positive in historical terms.

Few in number, very often integrated both vertically and horizontally, controlling all resources and outlets, enjoying a technocratic interpenetration with an administration whose political and economic tasks merged at every level, these enterprises were naturally impelled towards a planned optimization of the whole. From the point of view of production, they represented the most rational forms of organization; from that of distribution, they were relatively the most tolerable. At the political level, these big capitalist enterprises were able to come to terms with the essential aspirations of the local élite: with Africanization of cadres very willingly; with national independence with greater or lesser reservations depending on the circumstances.

By contrast, the settler community could not come to terms with anything: neither with the trusts, nor with the metropolitan country—far less with Africanization or independence. It could be saved only by secession from the metropolis and by setting up an independent 'white' state. The settlers did not fail to appreciate that this was the case, and soon gave it the concrete form of an explicit demand.

On the economic plane, the settler community constituted a dead weight—if not a parasitic and harmful element. A competitive and anarchic sector, existing at the margins of the dirigism and planning of the trusts, controlling only a small portion of the economy and consequently little aware of the imperatives of the whole, greedy for immediate profit, a great waster of manpower and resources, the settler community also spent and invested a large part of its income abroad; it thus caused an outflow of funds in place of the external finance, however minimal, ensured by the big companies and so badly needed by these countries.

On the political plane, the relative weight of the settlers and their ability to act independently differed widely according to whether they were in a settlers' or a mainly administrative colony; but their position and their attitude were essentially the same, while their aggressiveness and efficacy depended on the relation of forces at a particular time. There were few of them in the Congo and they were beaten, but only after obliging the imperialists to use all the means at their disposal. They were scarcely more numerous in Rhodesia, but they succeeded with disconcerting ease. In Algeria, however, although they were far more numerous both in absolute and in relative terms, they nevertheless succumbed—though not until they had endangered the parent country itself and obliged a French Prime Minister to scurry to the radio in the middle of the night to stir up the population against a hypothetical descent of parachutists over the capital.

The Antagonism between the White Settlers and Imperialism

There was nothing new in all this, however. The most difficult struggles of the imperialist countries since the 18th century had not been with the natives in their colonies but with their own settlers. And it should not be forgotten that if England is a second-class power today, this is due to her defeat in a conflict of this type and the subsequent founding of the United States. Without this, North America would now be an ex-colony of Red Indians recently promoted to independence and therefore still exploited by England.

Marx and Engels did not fail to make references here and there to 'white settlers', 'poor whites', etc, although during the period in which they lived the problem was not acute. But Lenin came out strongly in favour of the Boers in 1900, just as Mao Tse Tung's China recently gave unexpected support to Biafra and its mercenaries. Finally, the exaggerated schematization in which Marxism was confined after Lenin's death meant that no place could be made for this uncomfortable 'third element' in the noble formulas of the 'people's struggle against financial imperialism'.

Instead of scientific analysis, we have tenacious myths that no fact, however brutal, will ever shake. This makes for grave misunderstandings and prevents any true dialogue between revolutionary Marxism and the decolonized peoples. To take a recent example, even the most informed Marxists did not hesitate to accept the popular version according to which Tshombe was the puppet of the *Union Minière*, the Belgian trust companies and international imperialism. Nothing could be further from the truth. Tshombe never represented financial capitalism. He represented the white settlers. And it was in this capacity that he was detested and rejected throughout Africa. For this same reason he was the public enemy number one of the trust companies and of Belgian-American imperialism.

Of course, if by *Union Minière* one means the local staff of the Katanga company, there is nothing to prevent one from saying that Tshombe was their man. Like the Belgian civil servants and army officers, these people represented the parent country before the independence of the

Congo, and as such they were on the other side of the fence. The settlers had always called them 'nigger-lovers', the most contemptuous epithet in their vocabulary. But individually, each of them prepared for retirement in the colony, some by buying a share in a plantation, others by investing in real estate, etc. When the umbilical cord linking them to the home country was suddenly severed during the independence troubles, they went over *en masse* to the settlers' side.

And what more could these local managers and administrators of the *Union Minière* ask for? From mere agents, obliged to telephone to the head office in Brussels before they took the slightest decision, with Tshombe and the secession of Katanga they became, from one day to the next, the veritable bosses of the company. And if during the reign of Tshombe the *Union Minière* was forbidden to distribute the slightest dividend, this did not displease these local men, who had no reason to worry about enriching Belgian shareholders and on the contrary every reason to welcome the accumulation of profits on the spot, which would improve the firm's potential and hence their own position.

But if by *Union Minière* one means the Belgian monopoly holding that was behind the Katanga plant, i.e. the Belgian bank *La Société Générale*, then things become quite different. For them, for Belgian high finance, and therefore for international imperialism, Tshombe was the man to be eliminated, and they ended up by attacking him physically—first in 1962–3 at Elisabethville, under the flag of the United Nations troops, a second time in 1967 by sending anti-Castro Cuban pilots to bomb his mercenaries in Bukavu, and finally the third time by sending a CIA agent to kidnap him personally and deliver him to Algiers.

The man who was backed by Belgian high finance, at any rate at first, was Lumumba. He was sponsored in all possible ways by the Belgian liberal party, i.e. the party of high finance. It was thanks to this party that he was released from prison in Stanleyville in 1958 before the end of a sentence for embezzlement. It was this party that helped him, financially and otherwise, to found the Congo National Movement (MNC) which was to play such an important role in the events that followed.

Now, in July and August 1960, Belgian capitalism was faced with the *fait accompli* of a break with Lumumba, following the mutiny of the local army and the other troubles stirred up by the settlers that obliged Lumumba and Kasavubu to appeal for help to the Soviet Union.[7] So it

[7] The authenticity of this appeal is by no means certain. According to Kamitatu, at that time President of the Provincial Government at Kinshasha, the famous telegram of July 1960, allegedly requesting from the Soviet Union an immediate military intervention against the aggression by Belgian troops, was quite simply a fraud. According to him, it was only the draft of a message drawn up by an over-zealous collaborator, which was never sent off; Damien Kandolo, Lumumba's private secretary, later stole the text and handed it over to his friends Mobutu and Bamboko, who transmitted it in turn to the Americans. (cf. Cléophas Kamitatu, *La Grande Mystification du Congo-Kinshasha*, Paris 1971, p. 56.)
On the other hand, what is quite certain is that, before addressing himself to the Russians, Lumumba had appealed to the Americans, who did not respond. Finally, there was the official request to the UN, with its fatal consequences for the Lumumba government.

is possible, as Eric Rouleau suggests, that they let themselves be persuaded for a time that after all 'Katanga might serve them, at least temporarily, as a "haven of peace" and an anti-Lumumba bastion'.[8] The 'Western' reflex may have taken precedence over other considerations. If this is true, their attitude only represented a brief moment of opportunism. Soon, with the neutralization and then the physical elimination of Lumumba, Tshombe and his secessionist state once more became the main target for the imperialist offensive.[9]

Three times the United Nations troops, manipulated by Belgian-American imperialism, attacked Elisabethville against Tshombe and his regime. Twice they were beaten back, the third time they won through . . . And there is one objective truth that stands firm, over and above our analyses, our books and our mental confusion: the Stock Exchange. Each time the United Nations troops attacked Elisabethville, the *Union Minière* shares rose to a marked extent on the Paris and Brussels markets. Each time the attack was beaten off, the stock fell sharply. During the final offensive and the ensuing overthrow of the Tshombe regime, in January 1963, the *Union Minière* shares rose by about 50 per cent in 20 days![10]

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[8] *Le Monde*, 7–8 January 1962.

[9] Let me not be misunderstood. The fact that Tshombe was attacked by financial imperialism does not therefore mean that he played a historically progressive role. On the contrary, it means that, in an unprecedented historical conjuncture, this role was played by international high finance. Tshombe personified the threat of complete enslavement and probable physical extermination which then hung over the Congolese people—and which still hangs over Black Africa as a whole. This threat comes from the white settlers. In comparison, the international high finance which fought Tshombe represented, and still does represent, the lesser evil for that part of Africa.

This explanation is necessary because, at a previous presentation of my theses in Paris, one of the participants in the discussion reproached me with presenting Tshombe as the 'good man' and Lumumba as the traitor. I do not know which part of my text could have caused such a misunderstanding—which has me saying the exact opposite of what I think. Tshombe was quite simply the total traitor. Lumumba's case is more complex. In the absence of real social classes the state machine, artificially constructed and put together, becomes an end in itself; political parties become coteries and party leaders tribal chiefs. Lumumba was one such. But there was no treason in a policy of alliance with high finance in order to resist the mounting pressure of the settlers. In the given circumstances, this was the vital interest, the only possible salvation, of the Congolese people.

It was also suggested to me that even if, under certain conditions, finance capital appears to be the lesser evil and the white settlers the number one enemy, this is only a short-term option. My answer is simple: when it is a question of physical survival, there is no long term.

[10] Here are the market prices on the Paris Bourse, where *Union Minière* shares are in great demand and where intensive arbitration maintains the prices practically at par with those on the Brussels Exchange. After the capture of Elisabethville by the UN troops, these shares rose from 110 to 117. The next day, 4 January 1963, after the announcement of the capture of Jadotville and in spite of the material damage done and the interruption of local mining activities, they rose to 121. On 10 January 1963 they rose to 125, although the mining installations at Kolwezi and the hydro-electric dams were mined by the mercenaries. On 16 January 1963, while the Kolwezi mines and the dams were still threatened, the *Union Minière* shares rose from 125·50 to 132·90, following announcement of Tshombe's surrender. On 18 January 1963 they rose to 140, although the threat of sabotage still persisted. On 21 January 1963, the UN forces entered Kolwezi, which was Tshombe's last bastion. The shares rose to 150. The following day they stood at 160.

But militant white settlers had tried to secede long before Tshombe. The first attempt was made in 1946. It was put down with severity and the Belgian government took measures to restrict the emigration of Belgians into the Congo, to the fury of the colonial organizations. Among other things, it imposed the obligation to pay a deposit of 50,000 Belgian francs. (These measures were obviously insufficient since by 1960 there were enough settlers in the Congo to set the country ablaze.) From 1946 to 1960, colonialist agitation grew, encouraged by 'left-wing' papers close to the Belgian Socialist Party, such as *L'Avenir Colonial* or *Le Stanleyvillois*, and opposed by right-wing papers close to the Administration, to high finance and to the Catholic party, such as the *Courrier d'Afrique* or the *Echo de Stanleyville*. Charles Bonte, one of the most active leaders of the extremists, toured the Congo openly preaching the adoption of the South African model.

The conflict was aggravated as soon as the question of the Congo's independence was broached. As Eric Rouleau says: 'the Belgian government discovered at least three plots in 1960 aimed at proclaiming the independence of Katanga. The conspirators, who were in contact with politicians in Northern Rhodesia, had the support of the settlers, as well as of part of the local administrative and security personnel. They lacked one trump card: the backing of Belgian high finance . . . which remained resolutely "unionist"'.[11]

The Imperatives of Decolonization

People have been struck by the ease with which decolonization in Africa was carried out and they have concluded that imperialism was eager to eliminate non-economic liabilities. It is true that the colonies were not or were no longer profitable for the parent countries and that direct political domination had become a burden. But this negative factor is not enough. Elimination of the cost of direct administration would explain a certain passive attitude, but it cannot account for the *extraordinary haste* with which independence was granted in many cases, particularly in the Congo. This can only be explained by a positive motive, i.e. the home countries' need at a certain moment *to steal a march on their own settlers who were threatening nearly everywhere to secede and form White States*. This is obvious in the Belgian Congo, where it was suddenly and cold-bloodedly decided to grant immediate independence, although nobody expected it for two or three years. But in varying degrees the same factor weighed in the balance more or less everywhere.[12]

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[11] *Le Monde*, 9 January 1963.

[12] J. de Staercke, General Secretary of the Belgian Catholic Employers' Federation, knew what he was talking about when he wrote already in 1959; 'What has to be done is to lead the Congo towards independence in good order and good understanding with Belgium. If, to maintain this order and understanding, it is necessary to grant independence a little earlier than is technically desirable, we should not hesitate to do so.' The 'order' of which J. de Staercke speaks was threatened by the settlers' plotting. At other times, on the contrary, this same fear of the settlers impelled the parent countries to cling to their colonies and postpone the granting of independence. For example, the French communists saw this danger of secession when they took part in the first post-war government and held responsible posts in the colonial administration. Suret-Canale, among others, has given a pertinent answer

This was not the first time in history that imperialist countries had been obliged to reckon with their own settlers. Selborne showed remarkable foresight when he wrote to Chamberlain in 1896 that so far as South Africa was concerned, he was much more apprehensive of the setting up of republics by the English white settlers than of Boer domination in the Transvaal. What were to be avoided at all costs, he added, were new Canadas or United States. This does not mean, of course, that England's opposition to the Boers was a secondary one. Gallagher and Robinson are right when they say that since Great Britain annexed the Cape their administration was much more often pro-Bantu than pro-Boer.[13] As Demangeon states, 'the Boer's hatred of British domination was largely caused by English protection of the natives. It was because they considered the abolition of slavery to be intolerable that thousands of Boers emigrated from the Cape Colony in 1835, starting the great "treks" that resulted in the founding of the Natal, Orange and Transvaal colonies.'[14]

Although he is arguing from an ethical point of view, Bennet uses striking terms when, referring to Hobson, he describes the group that has always been the most implacable enemy of backward peoples: 'If organized Governments of civilized Powers refused the task, they would let loose a horde of private adventurers, slavers, piratical traders, treasure hunters, concession mongers, who, animated by greed of gold or power, would set about the work of exploitation under no public control and with no regard to the future . . . The contact with white races cannot be avoided, and it is more perilous and more injurious in proportion as it lacks governmental sanction and control.'[15] The same point of view is adopted by L. S. Woolf: 'Economic imperialism has itself created conditions in which that control must inevitably continue . . . The European State, if it remains in Africa, is necessarily an instrument of that exploitation of Africans by Europeans; if it withdraws, it merely hands over the native to the more cruel exploitation of irresponsible white men.'[16]

The whole history of imperialism and colonization demonstrates plainly that the opposition between backward peoples and the small white settler is the worst of all; and our refusal to allow for it in our classical descriptions of the class struggle will not eliminate this 'stubborn fact', which finds ample confirmation today in the bloody conflict

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to those who blamed the French Communist Party for not having launched the idea of independence at the time, pointing out that in the absence of any political structure in the native population, independence meant secession and the founding of White States on South African or Rhodesian lines.

[13] op. cit., p. 53.

[14] Albert Demangeon, *L'Empire Britannique*, Paris 1923, p. 217. It was certainly not for humanitarian reasons that imperialist England opposed the local settlers so violently. The Protestant missionaries' campaign for 'protection of the Bantu peoples' was certainly a deceptive pretext justifying English imperialism's policy of using force against the Boers, which was itself determined by economic reasons. But this does not justify Lenin for having so ardently espoused the cause of the Boers against England in 1900 and the same goes for Mao Tse Tung backing the Biafra secession in 1969.

[15] George Bennett, *The Concept of Empire*, London 1962, p. 376.

[16] *Empire and Commerce in Africa*, London 1920, pp. 334–5, 356–8.

between Catholics and Protestants in Ireland and the merciless war in the Middle East.

As Demangeon reminds us again, Ireland was Britain's first real colony. In the 16th century, 'thousands of Englishmen . . . settled on the land of the depossessed Irish clans and Anglo-Saxon property and exploitation were substituted for Celtic communal ways of life. English colonization of Ireland dates from this time, when the first wave of British immigrants came over,' driven from the English countryside by the enclosures and the substitution of grazing for tilling. This is a striking example of the irrevocable nature of the antagonism we are discussing. After four centuries of co-existence, the two communities have not been able to take the least step towards integration. In relation to the Catholics, the Belfast Protestants are neither capitalists nor imperialists; they are still settlers. If they do not demand secession, it is for easily understood historical and geographical reasons. They still demand a large measure of autonomy, however, which allows them to deal with the oppressed people in their own way.

As for Israel, it is all too often forgotten that if this country represents a spearhead of imperialism in the particular present international context of antagonism between the two great blocs, this is only a result of special circumstances. Its true nature is to be a mass of small 'white' settlers spreading out more and more to colonize an under-developed territory. It is this that makes their conflict with the peoples of the region so ruthless, even where the latter live under pro-Western regimes which are themselves the satellites of imperialism. In spite of its circumstantial and unnatural alliance with American imperialism (which is not all that reliable, as the recent quarrel about frontiers with William Rogers shows), Israel is a secessionist colonial state. Its foundation was the object of a long and bloody struggle with England, who played the role of the imperialist parent country.

The case of Algeria should not be forgotten either. After the FLN was neutralized, following the 'battle of Algiers' and the immobilization of its regular army beyond the barrage along the Algero-Tunisian frontier, the struggle mainly took place between France and the French settlers and assimilated groups, who—as mentioned earlier—went so far as to threaten the French State itself.

Financial Imperialism or Imperialism of Trade

If this analysis is accepted, a crucial question arises: why was imperialism so bitterly opposed to the white settlers' secession? If decolonization was to come, what did it matter whether it was to the advantage of the native population or the settlers?

According to fashionable theory, imperialism's essential feature is the investments of multi-national corporations. If this were true, what little difference there might be between the two ways of decolonization would favour the white-settler states. Multi-national corporations invest a great deal more in Canada, Australia, South Africa and even Rhodesia, than they do in Tanzania or Uganda. But I do not believe that direct or portfolio investments and capital movements in general constitute the essence of imperialism, and this is what I shall try to demonstrate further on. The essential element is trade. On this level, it makes an enormous difference to the parent country whether power is taken over by the white settlers or by the natives. A 'Native' State is far more exploitable, commercially speaking, than a White State, whatever the volume of the trade flows involved. Britain can sell and buy much more in Canada than in Tanzania, but she exploits Tanzania, whereas she is exploited by Canada.[17] Both countries were British colonies in the past. In one, the English settlers took power; in the other, the natives. The result is that today Canada is much less English than Tanzania is.[18]

De Gaulle, who was a leading representative of French capitalism, saw all that clearly where Algeria was concerned. If the partisans of 'French Algeria' had won, Algeria would have been much less French than she still is today, in spite of the profound breaches made by the revolution and the war. It was so that Algeria might remain as French as possible that he fought the OAS, exactly as Salan or Soustelle would have done if they had been responsible for government in France.[19]

The Export of Capital

The question therefore arises as to whether the export of capital is as essential to imperialism as most Marxists have considered it to be up to now. The core of this argument is to be found in J. A. Hobson's theory, which was approved by Lenin, at any rate in its main elements, and remodelled later by Strachey and a number of other economists. It can be summarized as follows:

At a certain stage in its development, capitalism is faced with the prob-

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[17] I hope this has been sufficiently demonstrated in my book *Unequal Exchange* (London 1972). It is not possible to discuss this theory here.

[18] I have chosen Tanzania as the most unfavourable example for my theory, since this country has adopted a neutralist attitude that keeps it relatively separate from the Western world. If I had chosen Kenya or Uganda, the comparison would be much more striking. These two countries remain as English as one could wish. They buy English, transport English, insure English, and operate through English banks. This is not the case for Australia and New Zealand, although they had been colonized by the purest English stock, and it is even less true of Canada, which today is more American than anything.

Although in somewhat elementary terms, and considering only the differences in the establishment of European firms and capital before the idea of secession arose, L. Woolf comes close to the real question in his comment on the declaration made by William Mackinnon and Chamberlain that the territories acquired should be dealt with as reserves of raw materials for British industry. He says: 'Now this is only possible where, as in the case of palm-kernels on the West Coast of Africa, the raw materials are produced by natives. Where, as in East Africa, the raw materials are produced by British capitalists, planters and joint-stock companies, these European subjects of the European State take good care to see that they are not prevented from selling their produce in the dearest market.'

[19] Only the other day—on 24 March 1971—General Salan declared during an interview on Radio Luxemburg that the type of French presence in Algeria he had in mind at the time was 'like Rhodesia, but without apartheid'. Which is extraordinarily naïve! For if his Algeria was not to be more French than Rhodesia is English, how can he be surprised that France refused it?

lem of reinvesting the profits it has saved. On the one hand, the concentration of industry in trust companies, combines, etc, results in economies of capital at the very moment when the elimination or reduction of competition has increased profits and therefore increased the sum of fresh capital formed during each production or sales cycle. On the other hand, income distribution in the capitalist system is such that the consumption of the masses remains relatively stagnant. This limits the expansion-capacity of the concentrated industries and therefore their capacity to absorb new capital. Capitalists can no longer find opportunities for investing their spare profits in their own cartelized industries. So they are faced with a dilemma. They must either redistribute the national income through increased salaries (which would lead to higher internal investments but lower profits) or else maintain the low rate of salaries and the high rate of profits but find some other use for their spare capital. So the only way of avoiding a 'blockage' of the system is through external investment. And this entails imperialist protection, which leads to the partition of the world. (Lenin added that the unequal development of capitalism among the great imperial powers results in a contradiction between the flexibility of the economic potential and the rigidity of the political framework. Because of this, there must be a periodical redistribution by war.)

With a view to verifying the historical truth of this theory, Lenin identified the foreign *assets* of England, France and Germany during the period 1870–1914 with the *export* of capital. This identification is unacceptable here. A foreign investment can be increased by the ploughing back of profits without there being any need for further export of capital. It can even increase simultaneously with the net *import* of capital towards the holding country. This is what happened during the period in question, as we shall show later.

Lenin did not invent this identification, of course. Many bourgeois economists used it before him, and they still use it now for the purposes of national accounts. It is then convenient, and frequently done, to include all the interest and dividends earned abroad in the national income, whether it is reimported or not, and to balance the accounts by showing the interest and dividends that are reinvested on the spot as a net *export* of capital. This is just a question of terminology and accountancy procedures, and everybody knows what it means.

The Accumulation of International Investments

But when it is a question of verifying a theory of imperialism based on the *internal* accumulation of capital, as in the present case, things change radically. Because, between a situation where capital formed internally is invested abroad and one where on the contrary part of the profits made abroad are reimported and consumed internally, the remainder being reinvested on the spot, *there is all the difference between producing more than one can consume and consuming more than one actually produces.* And it then becomes quite inadmissible to explain imperialist expansion by the first situation when the figures one quotes show that the true situation is on the contrary exactly the opposite.

Foreign investments of the main capitalist countries in millions of pounds sterling: [20]

YEAR	UNITED KINGDOM	FRANCE	GERMANY	UNITED STATES
1870	1,006	513	negligible	negligible
1885	1,602	678	390	negligible
1900	2,485	1,068	986	103
1914	4,004	1,766	1,376	513

If we limit ourselves to the two countries that best represent so-called investment imperialism during that period—England and France—we shall see that, roughly speaking, the former's investments increased in 44 years from one to four billion and the latter's from a half to one-and-three-quarter billion. In other words, England's multiplied by four and France's by three-and-a-half. But if one takes into account the fact that after 1871 France had to liquidate part of her foreign assets to pay Germany the famous war indemnity of 5 billion francs, i.e. 200 million pounds, one can say that the rate of increase of these countries' foreign investments between 1870 and 1914 was extraordinarily similar, i.e. 400 per cent in 44 years.

Now it is obvious that to obtain this result there is no need for fresh capital at all. Not only would reinvestment of returns suffice, but it should normally exceed the required sum by a wide margin. At 5 per cent, a capital grows in 44 years by over 850 per cent and at 4 per cent by over 560 per cent. Four or five per cent (more often five—or even a higher figure—than four) are the percentages generally adopted by those who have studied the question, such as Giffen, Hobson, Lenin, Frankel, Feis, Seyd, Beaulieu, Léon Say, R. L. Nash, Nogaro, etc. They either specifically mention these percentages or imply them indirectly by giving the amount of the financial earnings and the amount of investments for a given year. So if one adopts even the lowest figure—4 per cent—one finds that if England had left the billion pounds she had invested in 1870, without adding any exported funds or deducting any reimported funds, these foreign investments would, by 1914, have totalled some 5·6 billion pounds. As they only reached 4 billion, one is forced to conclude that not only did England not 'export' capital during this period, but that she 'imported' it.

But there is no need to use a more or less hypothetical percentage. We now have the genuine figures of Great Britain's annual accounts for the period under review, as well as partial but significant figures for France. For Britain, they are those of C. K. Hobson (not to be confused with J. A. Hobson, author of *Imperialism*), but above all the much more

[20] S. H. Frankel, Capital Investment in Africa, Oxford 1938, p. 6. These are the figures that are now considered the most reliable. Lenin's figures are not very different, but as he explained himself, they were only approximate. For the year 1914, for instance, he gives 75–100 billion francs, i.e. 3–4 billion pounds, which is too large a span for exact calculations. As his book was written in the first half of 1916, he probably only had estimates at his disposal, not proper statistics. In any case, if we adopt Frankel's figure of 4 billion pounds, we are taking Lenin's upper limit, and therefore the figure most favourable to the theory we want to refute.

precise and reliable figures of Cairncross.[21] Hobson's figures stop at 1912. Adding them up, one finds that from 1870 to 1912 England's trade balance, which was constantly negative, showed for goods—including gold and silver—an overall surplus of imports over exports of 5,517·1 million pounds. If we extrapolate the average figures for the last five years, we have, for 1914, an overall surplus of imports, in round figures, of 5·8 billion. From this we must, of course, deduct the service-sector balance, which is positive. The surplus of this balance was, in 1912, 4,071·2 million pounds. Proceding in the same way as for the trade-balance deficit, we have, for 1914, a total of 4·3 billion pounds.

A final deficit of 1·5 billion pounds therefore remains, which England could only make good by using an equivalent part of her external income, leaving the other part to accumulate on the spot. This means that from 1870 to 1914, England not only did not export new funds, but that she drew on her external funds to cover her overall goods-and-services balance deficit. According to Hobson's figures, these withdrawals amounted to 1·5 billion pounds which is not far from the 1·6 billion pounds suggested above, that was calculated on the basis of a hypothetical yield of 4 per cent.

Yet Hobson's figures are rather unfavourable to my theory, for two reasons:
a) he does not take into account any money spent by Englishmen travelling abroad that was not covered by ordinary bank remittances. This expenditure would have increased the trade-balance deficit.
b) He counts among English service exports the 'expenditure of the Indian government in this country', i.e. the salaries of members of the Indian Civil Service paid by drafts on London banks. But even if one accepts the (somewhat humorous) idea that England supplied the 'services of good government' to India, it is doubtful whether these 'services' can be included in England's (visible and invisible) *domestic* product. And, as we have already had occasion to repeat, this is what is in question here: i.e. whether the *domestic* product really tended, during the period under review, to exceed consumption and hence bring about an export of capital.

Cairncross meticulously revised all Hobson's figures one by one, and the overall results he obtained only differed by a few negligible fractions. His statistics stop in 1913 instead of 1912. His total surplus of goods imported up to 1913 over those exported is 5,507·9 million pounds; the figure for 1912 is 5,363 instead of the 5,517 given by Hobson. But he counted the movements of bullion and specie separately, which showed an import surplus of 125·5. The addition of the two sums gives 5,488·5 for Cairncross against 5,517·1 for Hobson, i.e. practically the same amount. All the other differences between the two sets of figures are of the same order. Finally, the situation that results from his Table No. 40 (p. 180) can be put as follows:

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[21] C. K. Hobson, *The Export of Capital*, London 1914, pp. 170–204. A. K. Cairncross, *Home and Foreign Investment 1870–1913*, Cambridge 1953, pp. 176–80.

Total for the period 1870–1913 in millions of pounds

Surplus of goods imported		5,507·8
Surplus of bullion and specie imports		137·4
Overall deficit of goods trade		5,645·3
Surplus of the service-sector balance		
Income from the merchant navy	2,608·8	
Other invisibles	1,457·6	4,066·4
Overall deficit (1870–1913) of the balance of goods and services covered by withdrawals of income from external investment		1,578·9

This is not far from the 1·5 billion pounds that was found above on the basis of Hobson's figures and the 1·6 billion found when the compound interest was calculated. The figures would be closer still and even slightly higher but for the fact that the year 1914 was added by extrapolation to Hobson's figures and to the compound interest calculation, but is absent from those of Cairncross. On the other hand we are obviously at the opposite pole from the 'dilemma' raised by the theory of investment imperialism.

Although French statistics for the same period are not so abundant, everything—similar rate of accumulation of assets, persistent trade balance deficit—goes to show that we are in the presence of the same phenomenon, i.e. a net import of funds.[22] What differences there may be are not sufficient to reverse the direction of the flows. Far from exporting their excess capital, the two main imperialist countries—and Germany too, at any rate from 1900—drained part of the capital from the rest of the world, merely by reimporting the income from their earlier investments, and without counting commercial exploitation and terms of trade. Far from being hampered by their limited consumption, they consumed part of the product of others.

So much for the famous second period of imperialism, from 1870 to 1913. But what about the earlier period? Before 1870, things are more uncertain. Statistics are rare and less reliable, and estimates more divergent. Keynes went so far as categorically to deny any net export of capital since . . . 1580, when Queen Elizabeth invested Drake's treasure in the Levant Company and later used the profits to found the East India Company![23] But one thing seems sure. If there was any export of capital, however small, it was before 1870. The most plausible version seems to be that there was a small export of capital between 1800 and 1850 or 1855, and that the situation changed radically between then and 1870. In any case, Britain's trade balance was positive until 1824; and one can say with certainty that there was at that time an export of capital, whatever the amount involved. After 1824, the trade balance became negative, but this does not justify the conclusion that there was a reversal of flows, since the invisibles may well have more than compensated for a few years and produced a

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[22] France's cumulative trade-balance deficit from 1875 to 1913 was 25,187 million francs, i.e. about 1 billion pounds.
[23] J. M. Keynes, *Essays in Persuasion*, London 1930.

positive balance of payments.[24] It is therefore very difficult to situate the 'break' exactly; but it came somewhere about the middle of the century.

The Failings of the Traditional Theory

It could be argued that the dominant element of financial imperialism is not net capital exports, but the level of external investments, whatever their source, whether internal or external. But in this case, all our accepted ideas about imperialism have to be revised.

1. Imperialism would then have nothing to do with an internal 'over-ripeness' of capitalism that induced the export of capital. The basis of imperialist expansion would be neither the over-accumulation of capital nor the over-production of goods.

2. If external investments were an essential, if not unique, dimension of imperialism, we should then have to admit that English and French imperialism has been curiously attenuated since 1914, because after this date the level of their external investments fell progressively until they became an insignificant quantity compared with the 1914 figures.

3. To say that North-American imperialism has taken over the investment role would not save the theory, since *the present amount of* US *investments and even the total amount of those of all the advanced capitalist countries added together is an insignificant quantity compared with the investments of England alone in 1914, and an absolutely negligible quantity compared with the investments of the four advanced capitalist countries in 1914.*

To take the highest estimate, the present investments of the United States total 70 billion dollars. This seems an enormous sum. But England's 4 billion gold-backed pounds of 1914 are worth, according to the most conservative estimate, 40 billion of today's paper pounds. This is the equivalent of 96 billion present-day dollars, i.e. already a considerably higher sum, *in absolute terms*, than the current investments of the United States.[25] But a comparison in absolute terms between an England with 45 million inhabitants, at the 1914 economic level, and an America of over 200 million inhabitants, at the 1970 level, has little meaning. These investments must be examined in the light of the national income of the investing and perhaps even the recipient countries. We then find that England's accumulated investments in 1914 represented something like twice her annual national income, whereas the present accumulated investments of the United States only represent the eleventh or twelfth part of her annual national income. If the national income of the recipient countries were taken into account, the results would be of the same order.

Finally, if one compares the total investments of all the imperialist countries in 1970 and in 1914, those of 1970 would come out even

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[24] This is the opinion of François Crouzet, *L'Economie du Commonwealth*, Paris 1950.
[25] The exchange-rate used is that current in early 1971, before the last devaluation of the dollar.

worse, since in 1914 England's 4 billions must be added to the 3·6 billion of the other three investing countries: France, Germany and the United States. Whereas today there is nothing much to be added to the 70 billion dollars of the United States. What is the point, then, of laying such stress today on external investments in order to explain imperialism (and even a certain 'super-imperialism' of America), since over half-a-century ago England did *twenty times* better and all the advanced capitalist countries together about *thirty-five times* better?

4. In any case—whether the main symptom of imperialism is the actual export of capital or only the level of external investments—there is no possible link between the accumulation of these investments from 1870 to 1914 and the territorial expansion of the imperialists during the same period. This expansion took the forms of the partition of Africa, the dismantling of the Ottoman Empire and the completion of the conquest of Indochina. But during the period under review, and even after it, these new territories were completely neglected by investors. And apart from the mining areas of South Africa, Rhodesia and Katanga, where the reason for investing was not the placing of surplus capital but the need for certain essential products, investment in the territories acquired during the imperialist 'scramble' was practically nil.

Here is the geographical breakdown of British investments in 1914:

	In millions of pounds
Investment by public issues	
Canada	514·9
Australia and New Zealand	416·4
South Africa	370·2
India and Ceylon	378·8
Other colonies	99·7
United States	754·6
Argentina	319·6
Brazil	148
Rest of Latin America	289
Russia	110
Rest of Europe	108·6
Japan	62·8
Rest of world	190·7
	3,765·3
Private investments	250
	4,013·3

What investments in this list affected the regions we are concerned with here? Very few. Part of the 99·7 million under the item 'other colonies', part of the 190·7 under 'rest of the world' and part of the 250 'private investments'.

As for France, out of 45 million francs, 30 were invested in Europe and

15 in the three other continents—Asia, Africa and America—together. Africa's share was not large; and if one deducts 4·5 billion invested in Egypt, Suez and South Africa for a precise purpose and not as a simple financial operation, the share of the African colonies becomes negligible.

Finally, if we consider the total investments in Africa (excluding South Africa, Rhodesia and Katanga) of all the capitalist countries together, in 1936, we have the following table[26]:

In millions of pounds

Nigeria	75·0	French Equatorial Africa	21·3
Gold Coast	35·0	French East Africa	30·4
Sierra Leone	3·4	Togo-Camerouns	18·6
Sudan	43·4	Angola	32·0
Kenya-Uganda	46·0	Mozambique	35·0
Tanganyika-Zanzibar	52·0		

In other words, a total of 392·1 million pounds, which represents about 2·3 per cent of the total foreign investments of all capitalist countries in 1936. And even if one adds South Africa, the Rhodesias and Katanga, this percentage only reaches 7·4 per cent. Crouzet is right to say that the supposed need of investors to find an outlet for surplus capital had very little to do with the partition of Africa.

5. At the same time as he advanced the theory of surplus capital seeking external outlets, J. A. Hobson put forward the theory of 'over-ripeness' that produces a parasitical capitalism and a 'Rentier State'. Lenin used this theory in his *Imperialism*. But the two images are self-contradictory. According to the first one, capitalism is incapable of using its own surplus and invests part of it abroad. According to the second, capitalism ekes out its living with the help of a surplus that comes in from the rest of the world. It cannot even be said that the first situation necessarily precedes the second, nor that the latter is the corollary of an over-ripeness which Lenin called the 'last stage' and Bukharin the 'putrefaction' of capitalism.[27]

After another half-century of further 'ripening', both the idle rentiers *and* the 'coupon clippers' have disappeared, in England as well as in France, and it is the active, direct-investing capitalists who have taken their place on the Promenade des Anglais . . . If, under certain historical conditions, the Producer-State does become the Rentier-State, in others (particularly when there are no more coupons to clip) the Rentier-State turns back into the Producer-State. Without giving any warning, capitalism regains its youth and vigour after its 'rotting', and one after another the elements that Marxism has periodically considered to be structural prove in time to have been only historical.

Conclusions

1. Does this mean that the dilemma: redistribution of income or over-

[26] S. H. Frankel, *Capital Investment in Africa*, p. 158.
[27] Curious 'putrefaction' that sets in before death, as Lucien Laurat remarked!

production, has never existed? No, it is always latent in capitalism and it does become manifest under certain conditions. In England, in fact, it was relatively as severe before 1870 as afterwards. After 1870, the trade-union struggle and the rise in salaries helped advanced capitalism out of this dilemma, at any rate to a certain extent. This does not mean that a relapse could not take place again in the future.

2. When this dilemma does appear, it does not lead to the search for outlets for capital but for outlets for goods. Marx explained this very well when he said that over-production of capital ultimately meant nothing more than over-production of goods. But if the new capital is already formed, the product has already been sold, in which case there is neither over-production nor lack of investment opportunities. Nobody has ever had difficulty in placing his capital.

However it can happen that the need to sell products incites capitalism to export goods over and beyond its capacity to import other goods, the exporting country being ready if necessary to transform the equivalent of the surplus into foreign assets. It is then that the export of capital takes place, as a derivative form of the surplus export of goods, even if the credits precede the sales and induce them. This is why the post-Marxian idea of an export of capital taking precedence over the export of commodities does not make sense at all.[28] It is quite another thing to say that at certain periods the export of capital goods takes precedence over the export of consumer goods. This is correct, but it is still a question of the export of goods.

3. It is not the export of capital that prevented the development of backward countries, and Marx was right in theory when he forecast that India would become a capitalist country like England.[29] It is on the contrary the interruption of these exports and the reversal of the flows that is detrimental to the under-developed countries. This reversal happens when the servicing of earlier debts exceeds the influx of new capital, and when in addition the little surplus that has been produced on the spot is sent abroad by local capitalists and invested in the developed countries. The essential factor in this situation was the considerable rise in the standard of living of the masses within the great capitalist countries following a particularly successful reformist struggle of the working classes that Marx could not have foreseen.

This does not mean that the allocation of this foreign capital is the best one for the national economy of the under-developed countries, from

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[28] If certain Marxists did not have an unfortunate tendency to 'bypass' Political Economy instead of 'going beyond it', they would not have forgotten this elementary proposition, i.e. that the export of capital is nothing but the export of *unpaid* goods. No other material means for transferring capital between countries exists.

[29] Lenin was of the same opinion when he wrote: 'The export of capital affects and greatly accelerates the development of capitalism in those countries to which it is exported. While, therefore, the export of capital may tend to a certain extent to arrest development in the capital-exporting countries, it can only do so by expanding and deepening the further development of capitalism throughout the world.' (*Selected Works in three volumes*, Moscow 1967, Vol. I, pp. 725-6).

the point of view of specialization and the international division of labour. But if the under-developed countries cannot make the most desirable use of these investments, this is not because of the nationality of the capital involved, but because of the particular structures of the recipient countries, and notably the narrow limits of their local market —due to low salaries—compared with markets and salaries in the developed countries.[30] Whether it is national or international, capital is in search of profit, and it behaves in the same way.

Those who stress the obnoxiousness of foreign investments and multi-national companies are therefore completely out of touch with the reality of the under-developed countries, since all capitalist under- or semi-developed countries, without exception, and even some 'socialist' countries of Eastern Europe, are doing their utmost to institute investment codes and multiplying the exemptions and privileges to be granted to attract foreign capital.

4. International antagonisms cannot always be automatically reduced to the terms of the class struggle. We must pass from factory antagonisms to national antagonisms. On this level, there is no common measure between on the one hand the contradictions of great international capital and the under-developed peoples, and on the other hand the total enslavement and even physical extermination with which some of these peoples are threatened by true colonialism, which is that of the white settlers and their States, where these exist.

[30] This question has also been considered in detail in *Unequal Exchange* (op. cit.) and cannot be further discussed here.