

FUNDAMENTALS OF POLITICAL ECONOMY

**IMPERIALISM, THE HIGHEST
STAGE OF CAPITALISM:**

**Its Origins, Development, Contradictions,
and Historical Supersession**

A Study in Marxist-Leninist Political Economy

“Imperialism is the epoch of finance capital and of monopolies, which introduce everywhere the striving for domination, not for freedom. The result everywhere is reaction, an intensification of antagonisms within these states, and an intensification of militarism.”

— V. I. Lenin, *Imperialism, the Highest Stage of Capitalism* (1916)

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1. Why the Marxist-Leninist Theory of Imperialism Matters

The Marxist-Leninist theory of imperialism is not a doctrine added externally to Marx's political economy, nor is it a passing interpretation of one historical conjuncture. It is the necessary development of Marx's analysis of capital when capital has reached the stage at which free competition, the historical form under which Marx principally examined it in *Capital*, has been superseded by the monopoly form. The theory was worked out by Vladimir Ilyich Lenin in the years 1915–1916, in the midst of the first imperialist world war, and published in 1916 as *Imperialism, the Highest Stage of Capitalism: A Popular Outline*. Its purpose was at once scientific and political: to explain why the war had broken out, whose class interests it served, and why the working-class movement could not limit itself to a pacifist denunciation of the slaughter but had to transform the imperialist war into a civil war for the overthrow of capitalism.

The novelty of Lenin's contribution did not consist in having “discovered” imperialism. The existence of colonial empires, of monopolies, of capital exports, of militarized great-power rivalry, was perfectly visible to contemporaries. J. A. Hobson's *Imperialism: A Study* (1902) had analyzed the economic roots of imperialist policy and even advanced a prescient theory of the “parasitic” character of rentier states. Rudolf Hilferding's *Finance Capital* (1910) had provided a detailed theory of the fusion of bank and industrial capital. Rosa Luxemburg's *Accumulation of Capital* (1913) had argued that capitalism required non-capitalist “exterior” markets to realize surplus value. Nikolai Bukharin's *Imperialism and World Economy* (1915), with a preface by Lenin himself, had synthesized much of this literature into a world-economic framework. Lenin's pamphlet rests directly on these works; its bibliography is explicit; its arguments acknowledge them.

What Lenin added was threefold. First, he integrated the empirical material into the theoretical framework of Marx's *Capital*, showing that monopoly was not an accidental deviation from competitive capitalism but the necessary product of its laws of concentration and centralization. Second, he showed that monopoly, finance capital, capital export, the colonial division of the world, and inter-imperialist war formed a single structural totality — a definite historical stage of capitalism, not a policy — and that this stage was the historical “eve” of the proletarian revolution. Third, he drew the political consequences: that the era of imperialism is the era of the dictatorship of the proletariat, that the national liberation struggles of the colonies are a constituent part of the world proletarian revolution, and that the labor aristocracy of the imperialist countries, bribed by super-profits, had become a social base of opportunism in the working-class movement.

“Imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general. But capitalism only became capitalist imperialism at a definite and very high stage of its development, when

certain of its fundamental characteristics transformed themselves into their opposites, when economic features typical of the epoch of free competition began to be transformed into their opposites and to assume, over the whole field of capitalist economy, a sharply pronounced monopoly character.”

— Lenin, *Imperialism, the Highest Stage of Capitalism, Chapter VII (1916)*

This passage is the precise theoretical hinge of the entire work. Imperialism is not capitalism “in general” — it is a definite stage of capitalism in which the laws analyzed by Marx (concentration and centralization of capital, the tendency of the rate of profit to fall, the formation of fictitious capital, the credit system) have produced, out of their own internal logic, monopoly as the dominant form. The monopoly stage does not abolish the laws of competitive capitalism; it makes them operate under transformed conditions and produces new contradictions peculiar to itself. This is the meaning of Lenin's phrase, often misread by bourgeois critics, that “monopoly does not abolish competition but exists alongside it.” The monopoly stage is therefore neither a “post-capitalist” stage nor a mere policy of aggressive states; it is the highest and last stage of capitalism, the stage in which capitalism, having exhausted its progressive mission, becomes parasitic, decaying, and moribund.

The Place of Lenin's Theory in the Development of Marxism

To understand why the theory of imperialism constitutes a development of Marxism and not a revision, it is necessary to situate it in the trajectory of Marx and Engels's own work. Marx's analysis in *Capital, Volume I* (1867) treated capitalism in its competitive stage and emphasized the laws of surplus-value extraction, capital accumulation, concentration, and centralization. *Capital, Volume III* (edited by Engels from Marx's manuscripts, 1894) deepened this analysis with the study of credit, fictitious capital, interest-bearing capital, and the tendency of the rate of profit to fall. Already in *Volume III* Marx had observed the emergence of joint-stock companies and the credit system, and had noted that these represented “the abolition of capital as private property within the framework of capitalist production itself.” The capitalist mode of production, in its highest development, prepares its own transcendence: the socialization of production, the separation of ownership from management, the concentration of capital in vast stock-market corporations, all point beyond the private property form.

“This result of the ultimate development of capitalist production is a necessary transitional phase towards the reconversion of capital into the property of producers, although no longer as the private property of the individual producers, but as their property associated, as direct social property. It is furthermore a transitional phase towards the conversion of all functions in the reproduction process, which still remain connected with capitalist property, into mere functions of the associated producers, into social functions.”

Engels, in his supplementary chapters to Volume III (Chapter 27 in particular) and in *Anti-Dühring* (1878), went further. He described the joint-stock companies and the trusts as forms in which “the bourgeoisie is superfluous” — in which all the functions of the capitalist are discharged by salaried managers, while the capitalist owner retreats into the passive role of coupon-clipper. Engels even noted that the state itself was beginning to take over entire branches of production — the postal service, the telegraph, the railways — and that this “state capitalism” represented, from one side, the completion of the socialization of production, and from the other, the perfection of the state as the ideal personification of total national capital. The stage was set for Lenin: the task was to grasp the way in which these tendencies, observable already in the 1870s and 1880s, had become generalized and dominant by the turn of the century, and to draw the political consequences.

Lenin did this in a series of works in the years 1915–1917: *Imperialism* (1916), *The Military Programme of the Proletarian Revolution* (1916), *The Tasks of the Proletariat in Our Revolution* (1917), and *The State and Revolution* (1917). In these works the theory of imperialism is inseparable from the theory of the state and from the strategic orientation toward the dictatorship of the proletariat. The Bolshevik seizure of power in October 1917 is the practical verification of the theory: it became possible precisely because Russia was the “weakest link” of the imperialist chain, where the contradictions of imperialism — between the imperialist war and the popular masses, between the autocracy and the working class, between the imperialist bourgeoisie and the oppressed nations of the Tsarist empire — had reached the breaking point. The theory of imperialism thus constitutes, together with the theory of the dictatorship of the proletariat and the theory of the party, the central strategic acquisitions of Leninism.

Stalin, Mao, and the Further Development of the Theory

The theory of imperialism did not stand still after Lenin. Joseph Stalin, in *The Foundations of Leninism* (1924) and in his writings on the national question, systematized the Leninist analysis and developed its implications for the colonial and semi-colonial countries. Stalin's formulation of the national-colonial question — that the world is divided into a small number of “oppressor” nations and a vast majority of “oppressed” nations, and that the national liberation movements in the colonies are a constituent part of the world proletarian revolution — became the strategic framework of the Communist International's work in Asia, Africa, and Latin America. Stalin's analysis, in *Economic Problems of Socialism in the U.S.S.R.* (1952), of the disintegration of the single world market after 1947 and of the deepening of the general crisis of capitalism gave theoretical expression to the postwar conjuncture.

Mao Tse-tung's development of the theory proceeded along two complementary axes. First, in *Analysis of the Classes in Chinese Society* (1926) and *On New Democracy* (1940), Mao worked out the strategy of the revolution in a semi-colonial, semi-feudal country: the leading role of the proletariat exercised through its party, the worker-peasant alliance as the principal force, the broad united front with the national bourgeoisie, and the two-stage revolution (new-democratic then socialist) as the path of national and social liberation. Second, in *On Contradiction* (1937) and *On the Ten Major Relationships* (1956), Mao deepened the dialectical analysis of the contradictions of imperialism — between the imperialist countries themselves, between imperialism and the socialist countries, between imperialism and the oppressed nations, and between capital and labor in the imperialist countries — and identified the principal contradiction in each historical conjuncture. The Chinese revolution, the Vietnamese revolution, and the Cuban revolution each in its way verified the strategic framework of Lenin and Mao.

The Three Tasks of This Volume

Our task in this volume is threefold, and follows the architecture of the companion volumes in this series. First, we examine the material roots of imperialism in the development of free-competition capitalism: the concentration of production, the rise of monopolies, the transformation of banking, the formation of finance capital, and the export of capital. This is the subject of Chapters 2 through 4. Second, we analyze the structure of imperialist production relations: the territorial division of the world, the parasitic and decaying character of imperialism, the militarization of the economy, and the labor aristocracy. This is the subject of Chapters 5 through 7. Third, we trace the contradictions that doom imperialism to historical supersession: the law of uneven development, inter-imperialist war, the colonial and semi-colonial world, the national liberation movements, and the construction of socialism. This is the subject of Chapters 8 through 12. Lastly, we catalogue the depths of depravity to which the imperialist left, existing chiefly in United States of America, has sunk further into fascism, as with evidenced proof of recent great developments in their Zio-socialism and Zio-Communism and the Platner question. This is the subject of Chapter 13.

The method throughout is that of historical materialism. We examine imperialism not as a policy chosen by bad statesmen but as a stage of capitalism produced by the laws of capitalist development themselves; not as the result of moral failings but as the necessary form taken by capital when, having reached a certain degree of concentration, it subordinates the entire world to its logic of accumulation. We examine the contradictions of imperialism — between labor and capital, between oppressor and oppressed nations, between rival imperialist coalitions — as the motor of historical development, and we examine the

struggles of the working class and the oppressed nations as the decisive force that, by exploiting these contradictions, opens the road to socialism.

To study imperialism scientifically requires to firmly grasp three things. First, that the present world order is not eternal but historical — it has a beginning and it will have an end. Second, that the contradictions of this order — the wars, the crises, the coups, the famines, the mass migrations, the ecological devastation — are not accidental dysfunctions but the necessary form of existence of a system in which a handful of imperialist powers extract super-profits from the labor of the great majority of humanity. Third, that the overthrow of this order is not utopian aspiration, but the definite and unavoidable consequence of monopoly capitalism, prepared by the very development of imperialism, and that this overthrow is the principal task of the international working class in alliance with the national liberation movements of the oppressed nations.

The remainder of this volume proceeds accordingly. We begin, in the next chapter, with the first and most fundamental of the five features of imperialism identified by Lenin: the concentration of production and the birth of monopoly out of free competition. From there we trace the long arc through which capitalism, having generated monopoly from its own laws of competition, transforms itself into the imperialism whose contradictions are the subject of the present study.

2. The Concentration of Production and the Birth of Monopoly

The first of the five fundamental features of imperialism, identified by Lenin in Chapter I of his pamphlet, is the following: “The concentration of production and capital developed to such a high stage that it has created monopolies which play a decisive role in economic life.” This is the foundation on which all the other features — the new role of the banks, finance capital, the export of capital, the territorial division of the world, the parasitic and decaying character of capitalism — are built. Without monopoly, there is no finance capital; without finance capital, there is no capital export in the imperialist sense; without capital export, there is no colonial division of the world; and without the colonial division, there is no parasitic and militarized imperialism. The analysis must therefore begin with monopoly itself: how it arises, what forms it takes, and how it transforms the operation of the capitalist laws analyzed by Marx.

Free Competition and Its Contradictions

The stage of capitalism analyzed by Marx in *Capital* was the stage of free competition. By “free competition” Marx did not mean a state of perfect market equilibrium — the fantasy of bourgeois economists — but a definite historical form in which capital, freed from the guild restrictions of the feudal and mercantilist epochs, moves between branches of

production in search of the highest rate of profit; in which commodities are sold at prices of production that equalize profit rates across branches; in which the capitalist enterprise is typically owned and managed by an individual capitalist or a small partnership; in which the credit system, while it exists, has not yet subordinated industry to the banks. This was the capitalism of the industrial revolution, of the cotton mills of Manchester, of the railways of the 1840s, of the joint-stock companies that Marx and Engels observed as novelties in the 1860s. It was a capitalism of “many capitals,” each too small to dominate the market, each compelled by competition to cheapen commodities through technical innovation.

Free competition is the historical form in which the laws of capitalism analyzed by Marx operate with the greatest clarity. The law of value governs exchange through the equalization of profit rates into prices of production. The law of surplus value governs the extraction of unpaid labor from the worker. The law of accumulation governs the reinvestment of surplus value and the growth of total capital. The law of concentration and centralization governs the progressive enlargement of individual capitals at the expense of their competitors, through the reinvestment of profits (concentration) and through mergers, absorptions, and bankruptcies (centralization). These laws are not separate mechanisms but moments of a single process: the accumulation of capital, which Marx described in *Capital*, Volume I, as the self-expansion of value, the spiral in which surplus value is transformed into new capital, which produces new surplus value, which is transformed into still more capital.

“The battle of competition is fought by cheapening of commodities. The price of the commodity depends on the productivity of labour, and this again on the scale of production. Therefore, the larger capitals beat the smaller. It will further be remembered that, with the development of the capitalist mode of production, there is an increase in the minimum amount of individual capital necessary to carry on a business under its normal conditions. The smaller capitals, therefore, crowd into spheres of production which large-scale industry has taken control of only sporadically or as yet not at all. Here they compete with one another in proportion as their numbers grow. This relation of small to large capital leads rapidly to the ruin of the small capitalists, and indeed to their complete expropriation.”

— Marx, *Capital*, Volume I, Chapter 25 (1867)

This passage, written half a century before Lenin's pamphlet, contains in nuce the entire theory of monopoly. The law of concentration and centralization, derived directly from the dynamics of competitive accumulation, already points beyond competition: the larger capitals beat the smaller; the minimum size of capital required for competitive survival grows; the smaller capitals are expropriated. The logical conclusion — though Marx, writing in 1867, did not yet draw it explicitly, since the phenomenon had not yet become generalized — is that competition must, at a certain stage of development, produce its own opposite: a

market dominated by a small number of large capitals capable, by their very size, of restricting competition and imposing monopoly prices.

The Concentration of Production

Lenin, writing in 1916, had before him half a century of statistical evidence that this was exactly what had happened. Drawing on the census data of Germany and the United States — the two countries with the most detailed industrial statistics at the turn of the century — Lenin showed that a small number of the largest enterprises employed an ever-growing share of the total workforce and accounted for an ever-growing share of total output. In Germany in 1907, less than one percent of the enterprises (those with more than 1,000 workers) employed nearly 10 percent of the workforce and consumed nearly one-third of the steam power and electricity used in industry. In the United States in 1909, the largest enterprises (those with output valued at one million dollars or more) accounted for nearly half of the total industrial output. The figure cited by Lenin — 3,060 large enterprises out of more than 200,000, employing 1.4 million workers out of 6.6 million, but producing 5.4 billion dollars of output out of 14.7 billion — became one of the most quoted statistics in the entire Marxist-Leninist literature.

The concentration of production is not a uniform process. It proceeds unevenly, faster in some branches of industry than in others. The heavy branches — iron and steel, mining, chemicals, electrical engineering, shipbuilding, railways — concentrate first and most thoroughly, because the minimum efficient scale of production is largest there and because the fixed-capital requirements are most formidable. The light branches — textiles, food processing, leather, woodworking — concentrate more slowly, because the minimum efficient scale is smaller and because the technology changes less rapidly. But the trend is universal: in every branch, the larger enterprises grow at the expense of the smaller, and the smallest enterprises are driven to the wall. The 1880s and 1890s saw the great wave of cartel formation in Germany, the trust movement in the United States, and the emergence of the first multinational corporations in oil (Standard Oil), matches (the Diamond Match Company), and sewing machines (Singer). By the turn of the century, the cartel had become the typical form of industrial organization in heavy industry, and the trust had become the typical form in the United States.

Cartels, Syndicates, Trusts

The monopoly forms taken by concentrated capital vary historically and nationally. Lenin distinguished three principal forms, which he treated as successive stages of monopolization. The cartel is the loosest form: independent enterprises agree on prices, on the division of markets, on the allocation of output quotas, while retaining separate ownership and separate management. The German steel cartels of the 1890s are the classical

example: the enterprises retained their independence but coordinated their sales through a common bureau, fixed the price of each grade of steel, and allocated orders among themselves according to agreed quotas. The syndicate is a tighter form: the member enterprises surrender their commercial independence to a common sales office, which sells the entire output at the cartel price and distributes the proceeds according to agreed shares. The Russian rail-iron syndicate Prodameta, founded in 1902, is a typical example: it sold about four-fifths of all the rail iron produced in southern Russia. The trust is the tightest form: the member enterprises lose both commercial and productive independence, becoming divisions of a single integrated company with centralized ownership and centralized management. The Standard Oil Trust, reorganized in 1882, and the United States Steel Corporation, founded in 1901, are the classical examples.

The trust form was particularly developed in the United States, where the absence of legal restrictions on horizontal combination and the vast size of the domestic market made it possible to organize entire branches of industry under a single corporate roof. By 1904, the United States had some 300 industrial trusts, capitalized at over 5 billion dollars, and the largest of them — United States Steel, Standard Oil, International Harvester, American Tobacco, the sugar trust, the meat-packing trust — controlled between 60 and 90 percent of their respective markets. In Germany, where the law formally prohibited cartels but in practice tolerated and even encouraged them as instruments of export policy, the cartel was the dominant form: by 1905 there were 385 cartels, and by 1911 there were between 550 and 600. In Britain, where the world monopoly of colonial markets had for a long time blunted the pressure to cartelize, the trust movement came later; the union of the armaments firms Armstrong, Whitworth, and Vickers in 1927 was the great symbolic act of British monopolization.

Concentration and centralization do not stop at the national frontier. The cartel, once national, tends to become international. The International Rail Cartel, founded in 1884 by the British, German, Belgian, and French rail-iron producers, divided the world market among its members and even survived the First World War, to be revived in altered form in the 1920s. The International Steel Cartel, founded in 1926, organized the steel producers of continental Europe and concluded agreements with American and British producers. The electrical-engineering cartel, divided between the German A.E.G. and the American General Electric, partitioned the world market in electrical equipment. The oil cartel — the As-Is agreement of 1928 among Standard Oil of New Jersey, Royal Dutch/Shell, and Anglo-Persian — divided the world's oil production and markets among the seven great companies that later came to be known as the Seven Sisters. These international cartels are, in Lenin's phrase, the highest form of monopolist capitalist combination.

The Monopolies Do Not Abolish Competition but Stand Alongside It

A frequent misreading of Lenin's theory, encouraged by bourgeois critics who wish to refute it, is the claim that Lenin believed monopoly had abolished competition. The opposite is the case. Lenin was emphatic that monopoly, far from abolishing competition, intensifies it and gives it new and more destructive forms. Competition between monopolists and outsiders (small producers, non-monopolized branches, foreign competitors) continues. Competition between monopolists within the same branch (e.g., between United States Steel and Bethlehem Steel, or between I.G. Farben and the French dye cartel) becomes sharper, because the units competing are larger and the stakes higher. Competition between monopolists of different branches (e.g., between the oil trust and the coal trust for the energy market) becomes generalized, since monopolies tend to expand into adjacent branches. And competition between monopoly coalitions of different countries (e.g., between the German electrical-engineering cartel and the American General Electric) takes on a directly political and military character, since each national monopoly coalition can invoke the support of its state.

“Monopolies, which have grown out of free competition, do not eliminate the latter, but exist alongside it and hover over it, thereby giving rise to a number of very acute, intense antagonisms, frictions and conflicts. Monopoly is the transition from capitalism to a higher system. If it were necessary to give the briefest possible definition of imperialism we should have to say that imperialism is the monopoly stage of capitalism.”

— Lenin, *Imperialism, the Highest Stage of Capitalism*, Chapter VII (1916)

This is the precise theoretical status of monopoly in Lenin's analysis. Monopoly is not the abolition of competition but its transformation: competition no longer takes the form of the equalization of profit rates through the free movement of capital between branches (the classical mechanism analyzed by Marx), but takes the form of struggle between monopoly groups for the re-division of markets, sources of raw materials, and spheres of capital export. The price mechanism itself is transformed: monopoly prices, fixed by the monopoly above the price of production, become a means of redistributing surplus value from the non-monopolized branches and from the consumers to the monopoly groups. The law of value continues to operate — the total mass of value is still determined by the socially necessary labor time embodied in commodities — but it operates through monopoly prices, through the unequal exchange between monopoly and non-monopoly sectors, and through the international unequal exchange between imperialist and dependent countries.

The Historic Mission of Monopoly

Marx had already noted, in the passage from Capital Volume III quoted in our first chapter, that the joint-stock companies and the credit system represent a “necessary

transitional phase towards the reconversion of capital into the property of the producers ... as their property associated, as direct social property.” The same point is developed by Engels in *Anti-Dühring*, where he describes the trusts and the state monopolies as forms in which “the bourgeoisie is superfluous,” in which the capitalists have been reduced to coupon-clippers while the actual work of production and management is done by salaried employees. The historic mission of monopoly, in the Marxist-Leninist analysis, is to complete the socialization of production that competitive capitalism had begun, and thereby to prepare — materially, technically, and organizationally — the transition to socialism.

“In the trusts, free competition changes into monopoly and the planless production of capitalist society capitulates to the planned production of the invading socialist society ... At a certain stage of development, the bourgeoisie’s own official representative, the state, is compelled to take over the direction of production. The necessity of taking over the direction of production for the whole of the great branches of industry is asserted first of all in the great institutions of credit and commerce, and then, with the development of large-scale industry, in the more important spheres of production.”

— Engels, *Anti-Dühring*, Part III, Chapter 2 (1878)

This passage, which Lenin cites and develops, contains a fundamental proposition: monopoly, by socializing production within the framework of capitalist property relations, demonstrates in practice that production can be organized on a national and even international scale, that the anarchy of the market can be replaced by the plan of the trust, and that the capitalist owner has become superfluous. What the trust does for a single branch of industry, the dictatorship of the proletariat can do for the whole economy: take over the direction of production, replace the plan of the monopoly with the plan of the associated producers, and use the productive forces developed by capitalism for the satisfaction of human need rather than for the extraction of surplus value. This is the material basis of the socialist revolution: not the abstract desirability of planning, but the concrete fact that monopoly capitalism has already created, within its own framework, the organizational forms through which a planned economy becomes possible.

This does not mean that monopoly is socialism, or that the transition from monopoly capitalism to socialism is automatic. The bourgeoisie resists the expropriation of its property with every means at its disposal — with the state, the army, the police, the courts, the press, the schools, the trade-union bureaucracy, and the labor aristocracy. The monopoly form of capital is a transitional form, but the transition is not accomplished by the automatic evolution of capital; it is accomplished by the revolutionary struggle of the proletariat, by the seizure of political power, by the expropriation of the expropriators, by the establishment of the dictatorship of the proletariat, and by the construction of the socialist economy under the leadership of the Communist Party. The historic mission of monopoly is to prepare the

material conditions of this transition; the historic mission of the proletariat is to accomplish the transition itself.

The following chapter takes up the second fundamental feature of imperialism: the new role of the banks, the fusion of bank capital with industrial capital into finance capital, and the formation of the financial oligarchy that, more than any other class, embodies the parasitic and decaying character of the imperialist epoch.

3. The New Role of the Banks: Finance Capital and the Financial Oligarchy

If monopoly in industry is the foundation of imperialism, monopoly in banking is its complement and necessary counterpart. The two develop together; each conditions the other; and out of their fusion emerges that specific form of capital which Hilferding named “finance capital” and which Lenin identified as the second and third fundamental features of imperialism. The proposition can be stated in its shortest form as follows: as industrial capital concentrates into monopolies, so banking capital concentrates into a small number of gigantic banks; the great banks cease to be mere intermediaries of payment and become monopolists of money capital; the bank monopolies, controlling the supply of credit to industrial monopolies, fuse with them through share-ownership, interlocking directorates, and the underwriting of securities; the resulting fusion of bank and industrial capital is finance capital; and the personal embodiment of finance capital, the stratum of capitalist magnates who control the great banks and the great monopolies through a system of “participation,” is the financial oligarchy.

From Payment Intermediary to Money Monopolist

In the stage of free competition, the bank is, as Marx described it in *Capital*, Volume III, a modest intermediary. It collects the idle money of depositors — the temporary reserves of industrial capitalists, the savings of the petty bourgeoisie and the working class, the funds of the state — and lends it out, at a higher rate of interest, to industrial capitalists who need temporary accommodation. The bank's profit is the difference between the interest it pays to depositors and the interest it receives from borrowers; it is a fraction of the surplus value extracted in industry. The bank does not control the borrower; the borrower comes to the bank for a specific transaction — to bridge a gap between the purchase of inputs and the sale of output, to finance the construction of a new plant, to ride out a temporary downturn — and repays the loan and returns to the capital market for the next transaction. The relation is episodic and transactional; the industrial capitalist remains the master of his own enterprise.

In the monopoly stage this relation is transformed. As industrial enterprises grow larger and more capital-intensive, their credit requirements grow correspondingly. The railway, the steel mill, the chemical plant, the electrical engineering works require capital on a scale that no individual capitalist or family can supply; they must resort to the capital market, and the capital market is dominated by the great banks. The relation between bank and industrial enterprise ceases to be episodic and becomes permanent: the bank finances the construction of the plant, refinances its working capital, underwrites its share issues, places its bonds with investors, and, in the process, acquires a direct interest in the enterprise's affairs. The banker sits on the enterprise's board of directors; the enterprise's cashier sits on the bank's credit committee; the bank's loans are renewed so continuously that they become, in effect, a permanent investment. The bank, from being a modest intermediary, becomes the actual director of the industrial enterprise's financial policy.

The Concentration of Banking

The same law of concentration and centralization that operates in industry operates, with even greater force, in banking. The bank, after all, deals in money, and money is the most fluid and most concentrated form of capital. A small bank that suffers a run by its depositors must close its doors; a large bank, with diversified deposits and access to the rediscount facilities of the central bank, can weather any storm. The minimum efficient scale of banking grows as industrial enterprises grow: the credit requirements of a United States Steel or a German steel cartel can be met only by a bank of corresponding size. The wave of bank mergers in the 1890s and 1900s was therefore not accidental but necessary: the Deutsche Bank absorbed dozens of smaller banks; the *Crédit Lyonnais*, the *Comptoir National d'Escompte de Paris*, and the *Société Générale* came to dominate French banking; the London joint-stock banks consolidated into the “Big Five” between 1890 and 1920; and in the United States, the house of Morgan, through its control of banks, trust companies, and insurance companies, became the single greatest concentration of financial power in the world.

Lenin, citing the German statistician Alfred Lansburgh, noted that by 1909–1913 the four largest Berlin banks (the Deutsche Bank, the *Disconto-Gesellschaft*, the *Dresdner Bank*, and the *Darmstädter Bank*) controlled, through their deposit and current-account business, more than half of the total deposits of all German banks. They administered, through share-ownership and directorships, an enormous range of industrial and commercial enterprises: electrical engineering (Siemens, A.E.G.), mining (the *Gelsenkirchen* and *Harpener Bergwerks-Aktiengesellschaft*), shipping (North German Lloyd, Hamburg-Amerika Line), chemicals (the *Badische Anilin- und Soda-Fabrik*), and many others. The director of the Deutsche Bank sat on the boards of some 150 enterprises. The total capital controlled, directly and indirectly, by the Deutsche Bank alone was estimated at between 20 and 30

billion marks, an astronomical sum for the period. In France, the three great deposit banks (Crédit Lyonnais, Société Générale, Comptoir National d'Escompte) administered more than half of all French bank deposits; their influence on the French rentier economy and on French foreign-policy orientations (particularly on the orientation of French capital toward the Russian alliance and the Ottoman Empire) was decisive.

The Fusion of Bank and Industrial Capital

The fusion of bank capital with industrial capital into finance capital is the specific contribution of Hilferding's *Finance Capital* (1910), which Lenin accepted and developed. Hilferding defined finance capital as “capital controlled by banks and employed by industrialists.” The mechanism of fusion is, in the first instance, the credit relation: the bank, by advancing money to the industrial enterprise on a continuous basis, acquires a direct stake in the enterprise's profitability. But the fusion is consolidated through several further mechanisms. First, share-ownership: the bank acquires blocks of shares in the industrial enterprise, either by underwriting its share issues and retaining a portion of the issue, or by direct purchase on the market. Second, interlocking directorates: the bank places its directors on the supervisory boards of the industrial enterprise, and the enterprise's directors sit on the bank's boards. Third, the flotation of securities: the bank, by underwriting the bond issues of the industrial enterprise, takes on the role of permanent financial adviser.

“An increasingly large proportion of industrial capital (and therefore also of money capital) does not belong to the industrialists who employ it. They obtain the use of it only through the banks, which represent the owners. The banks thus control a part of industrial capital, and it is the owners of bank capital who thus control industrial capital. The result is the fusion of bank and industrial capital, and the formation, on this basis, of finance capital.”

— Rudolf Hilferding, *Finance Capital*, Chapter 7 (1910; transl. Watnick and Gordon)

Hilferding's analysis was decisive for Lenin because it identified the specific feature of imperialist capitalism: not the existence of large banks (these had existed since the seventeenth century), nor even the existence of monopolies (these had existed in the colonial trade), but the systematic fusion of the two into a single financial-industrial complex. Under finance capital, the banker ceases to be a mere creditor and becomes an industrial capitalist; the industrial capitalist ceases to be an independent entrepreneur and becomes a manager of borrowed capital. The two fuse into a new type of capitalist — the finance capitalist — whose power rests not on his personal ownership of a particular enterprise but on his control, through the banking network, of a vast apparatus of interrelated enterprises. The German bank director who sat on 150 supervisory boards was the purest type of the finance capitalist: he controlled not one enterprise but a whole system of enterprises, and his decisions, taken

in the boardroom of the Deutsche Bank, determined the investment, employment, and pricing policies of a substantial fraction of German industry.

Finance Capital Defined

Lenin's definition of finance capital is precise and worth quoting: "Concentration of production; monopolies arising therefrom; merger or coalescence of the banks with industry — such is the history of the rise of finance capital and such is its content." This definition has three components, each of which is essential. First, concentration of production: finance capital is not the mere existence of large banks, but the result of the concentration of production that produces industrial monopolies. Second, the rise of monopolies: finance capital presupposes that the industrial counterpart is already monopolized; if the bank lends to a competitive industry, the credit relation remains episodic and transactional, as in the stage of free competition. Third, the merger of banks with industry: finance capital is not the domination of industry by the banks (Hilferding's momentary over-emphasis), nor the domination of banks by industry, but their fusion into a single complex in which the two poles are inseparable.

This definition distinguishes finance capital from three other forms of capital that must not be confused with it. It is distinct from industrial capital, the form analyzed by Marx in *Capital*, in which the capitalist owns and manages his own enterprise and finances it from his own accumulations supplemented by occasional bank credit. It is distinct from banking capital in the narrow sense, in which the bank is a mere intermediary of payment and credit, taking deposits and making loans at a margin. And it is distinct from usurer's capital, the ancient form of money-lending that extracts interest from producers without any organic connection to production. Finance capital is the highest and most developed form of capital, the form in which the socialization of production has reached the point at which the entire circuit of capital — from the mobilization of money capital through the production of surplus value to the realization of the product — is coordinated by a single financial-industrial complex.

The Financial Oligarchy and Its Methods

The personal and social embodiment of finance capital is the financial oligarchy. The term "oligarchy" is appropriate because finance capital, by its very nature, is concentrated in the hands of a tiny number of capitalists who control vast networks of enterprises through the system of "participation," "holdings," and "daughter companies." The mechanism is simple in principle. A parent company (the holding company) is capitalized at a certain sum, say 100 million marks. It invests 50 million in the shares of a "daughter" company, capitalized at 200 million, of which it thus controls one-quarter — enough, with dispersed share-ownership, to exercise effective control. The daughter company, in turn, invests in the

shares of a “granddaughter” company, capitalized at 800 million, of which it controls one-quarter. Through two such steps, the parent company, with its 100 million of capital, controls enterprises with a total capitalization of 1,000 million. The leverage is enormous: a relatively small amount of capital, organized through the holding system, can control a vast empire of production.

This system, which the American economist Moody described in his analysis of the trusts as the “financial water” of corporate organization, and which Lenin analyzed in detail in Chapter III of *Imperialism*, is the principal mechanism through which the financial oligarchy extends its control over the entire economy. It also generates enormous opportunities for speculation and fraud. The promoters of the holding company can issue shares at values far exceeding the actual assets of the underlying enterprises (“watered stock”); they can transfer profits from the daughter companies to the parent through dividend policies favorable to the controlling interest; they can transfer losses from the parent to the daughters through inter-company transactions. The Morgantization of the United States Steel Corporation in 1901, which capitalized the new company at 1.4 billion dollars — of which more than half represented “water” — was the classical example. The promoters, led by J. P. Morgan, realized enormous fortunes in commissions and stock gains; the underlying steel industry continued to operate as before; and the new corporation was saddled with a debt structure that, when demand fell, made it the first major American industrial company to cut wages and lay off workers.

“A predominant role is played by a small number of financially powerful groups of capitalist magnates, who, while playing a comparatively modest direct role in production, are able, by virtue of their control over a vast network of banking and industrial enterprises, to dictate policy to the entire economy. This is the financial oligarchy, the dominant class of the imperialist epoch. The domination of the financial oligarchy in all economic and political affairs of the contemporary capitalist states is the most striking, the most decisive, feature of the imperialist stage.”

— Lenin, *Imperialism, the Highest Stage of Capitalism*, Chapter III (1916)

The political consequences of the financial oligarchy's domination are far-reaching. The financial oligarchy controls the state, not merely through the corruption of individual politicians and the financing of electoral campaigns, but through the structural dependence of the state on the financial system. The state must borrow from the great banks; it must place its deposits with them; it must consult them on monetary policy, on the regulation of the stock exchange, on the terms of foreign loans. The central bank, in particular, is a permanent point of contact between the financial oligarchy and the state: its governor is typically drawn from the ranks of the great bankers, and its policies (discount rate, open-market operations, reserve requirements) directly determine the profitability of the banks.

The foreign policy of the imperialist state, as we shall see in subsequent chapters, is in large part dictated by the requirements of finance capital: the need to protect foreign investments, to secure the colonies from which super-profits are drawn, to maintain the stability of the international monetary system on which the export of capital depends.

The domination of the financial oligarchy also transforms the internal class structure of the imperialist countries. The traditional petty bourgeoisie — the small shopkeepers, the small producers, the independent professionals — is squeezed by the great monopolies and the great banks, and is driven into the ranks of the proletariat or into the lumpen-proletariat. A new stratum appears: the labor aristocracy, the upper layer of the working class that is bribed, out of the super-profits extracted from the colonies and the dependent countries, into supporting the bourgeoisie's imperialist policy. This labor aristocracy, which Lenin identified in Chapter VIII of his pamphlet as the social base of opportunism in the working-class movement, will be examined in detail in Chapter 6 of the present volume, when we take up the parasitic and decaying character of imperialism. For the present it is sufficient to note that the financial oligarchy's domination of the economy produces, by the mechanism of super-profit distribution, a corresponding deformation of the working-class movement itself.

The following chapter takes up the fourth fundamental feature of imperialism: the export of capital, which succeeds the export of commodities as the dominant form of international economic relation. The two phenomena are not unconnected. It is finance capital, with its enormous accumulation of money capital in the hands of a few financial oligarchies, that generates the surplus capital whose export becomes the characteristic form of imperialist expansion.

4. The Export of Capital

The fourth fundamental feature of imperialism, in Lenin's enumeration, is the export of capital as distinguished from the export of commodities. "Under the old type of capitalism, when free competition prevailed," Lenin wrote, "the export of goods was the most typical feature. Under the latest capitalism, when monopolies prevail, the export of capital has become the typical feature." The distinction is essential. The export of commodities is as old as capitalism itself — indeed, as old as commodity production in general. The export of capital — the investment of money in productive enterprises, in loans, in concessions, in government bonds, in railway and mining shares, in foreign countries — becomes the dominant international economic relation only in the imperialist epoch. The shift from commodity export to capital export is one of the clearest empirical indices of the transition from competitive to monopoly capitalism.

From Commodity Export to Capital Export

In the stage of free competition, the export of commodities is the principal form of international economic relation. England, the workshop of the world, exported cotton textiles, iron, machinery, and hardware to every continent; France exported silk, wine, luxury goods; Germany, after its unification, exported chemicals, electrical equipment, and steel; the United States, after the Civil War, exported cotton, grain, and meat. These exports were driven by the law of value: the capitalist, having produced commodities at socially necessary labor time below the international average, sold them abroad at prices that yielded a profit above the domestic rate. The export of commodities was the means by which the surplus value extracted in domestic production was realized on the world market. It is true that, even in this stage, some capital was exported — the British investment in American railways, in Latin American mines, in colonial plantations was substantial from the 1840s onward — but the export of capital was subordinate to the export of commodities, both in volume and in economic significance.

In the imperialist epoch, the relation is reversed. The export of capital grows faster than the export of commodities, and by the turn of the century the income from foreign investments — interest, dividends, royalties, profits — has become a substantial, and in some countries a dominant, component of the balance of payments. Britain, in 1913, had some 4 billion pounds sterling invested abroad, yielding an annual income of about 200 million pounds — a sum sufficient to wipe out the entire visible trade deficit (the excess of merchandise imports over merchandise exports) and to leave a substantial surplus. France, in 1914, had some 45 billion francs invested abroad, yielding an annual income of about 2.5 billion francs — again, sufficient to wipe out the trade deficit. Germany, before the First World War, had some 35 billion marks invested abroad. The United States, before 1914, was still a net debtor country, but the war transformed it into the world's greatest creditor, and by 1919 American foreign investments exceeded 7 billion dollars.

The Material Basis: Surplus Capital and Uneven Development

Why does capital export become dominant in the imperialist epoch? The answer, in the shortest form, is that monopoly capitalism generates enormous accumulations of money capital in the hands of the financial oligarchy, and that these accumulations cannot be profitably invested at home. The rate of profit, as Marx had analyzed in *Capital*, Volume III, tends to fall as the organic composition of capital rises; the advanced capitalist countries, having already invested heavily in industry, agriculture, and infrastructure, reach a point at which additional domestic investment yields a lower return than investment in less developed countries, where labor is cheaper, land is more abundant, raw materials are accessible, and the organic composition of capital is lower. The surplus capital seeks abroad the higher rate of profit that it can no longer obtain at home.

“The necessity for exporting capital arises from the fact that in a few countries capitalism has become ‘overripe’ and (owing to the backward state of agriculture and the poverty of the masses) capital cannot find a field for ‘profitable’ investment. The export of capital is made possible by the fact that a number of backward countries have already been drawn into world capitalist intercourse; main railways have either been built or are being built; the elementary conditions for the development of industry have been created. The export of capital affects, and greatly accelerates, the development of capitalism in those countries to which it is exported.”

— Lenin, *Imperialism, the Highest Stage of Capitalism, Chapter IV (1916)*

This passage contains the whole theory. The export of capital is not the result of a surplus of capital in some absolute sense — capitalism always has unfulfilled needs (housing for the workers, schools, hospitals, agricultural development) that could absorb any quantity of investment. The surplus is relative: capital cannot find “profitable” investment, that is, investment yielding the monopoly rate of profit to which the financial oligarchy is accustomed. The poverty of the masses at home, which constitutes the unfulfilled need, is precisely the consequence of the monopoly rate of profit: wages are kept below the level that would generate sufficient demand for the products of additional domestic investment. Capital therefore goes abroad, where labor is cheap and where the rate of profit is correspondingly higher. The export of capital is thus a structural feature of monopoly capitalism, not an accidental policy of particular governments.

The possibility of capital export depends, in turn, on the prior integration of the receiving countries into the world market. Capital cannot be exported to a country in which there are no railways, no ports, no banks, no labor market, no state capable of guaranteeing the security of foreign investment. The export of capital presupposes the prior export of commodities, which has created the elementary conditions of capitalist production in the receiving country. This is the meaning of Lenin's phrase that capital export “affects, and greatly accelerates, the development of capitalism in those countries to which it is exported.” The process is circular: commodity export creates the conditions for capital export; capital export accelerates the development of capitalism in the receiving country; the developed capitalism of the receiving country becomes, in turn, a market for further commodity export and a field for further capital export. The cumulative result is the systematic subordination of the receiving country to the exporting country — a subordination that takes economic, political, and military forms.

Forms of Capital Export

Capital export takes three principal forms, each with its own characteristic mechanism of exploitation. The first is the loan — the lending of money capital, by a great bank or a

syndicate of banks, to the government of a foreign country, to a foreign municipality, or to a foreign railway company. The loan is denominated in the currency of the lending country, bears a fixed rate of interest (typically 5 to 7 percent in the pre-1914 period), and is secured by the taxing power of the borrowing government. The advantage to the lender is twofold: a steady income of interest, and the political leverage that comes with the debtor's dependence. The advantage to the borrower is access to capital for the construction of railways, ports, and other infrastructure — but at the price of long-term subordination. The French loans to Tsarist Russia (which financed the Trans-Siberian Railway and the strategic railways of the western frontier), the British loans to Argentina (which financed the meat-packing industry and the railways that carried its products to the ports), and the German loans to the Ottoman Empire (which financed the Baghdad Railway) are the classical examples. By 1914, French foreign investment was overwhelmingly in the form of government loans — hence the characterization of French imperialism as “rentier imperialism.”

The second form is direct investment — the establishment of productive enterprises (mines, plantations, oil fields, factories) in a foreign country, owned and operated by a metropolitan company. Direct investment is the form most directly associated with the extraction of raw materials: the British oil companies in Persia and Mesopotamia, the American copper companies in Chile and the Congo, the British rubber companies in Malaya, the British and French mining companies in South Africa and North Africa. Direct investment typically involves the export of metropolitan equipment, metropolitan managers, and metropolitan technicians; it employs local labor at low wages; it remits profits to the metropolitan center; and it leaves behind the infrastructure (railways, ports, company towns) required for the operation of the enterprise but ill-suited to the development of an integrated national economy. The third form, the concession, is intermediate between the loan and the direct investment: the metropolitan company obtains, by treaty with the local government, the exclusive right to exploit a particular resource (a mine, an oil field, a forest) within a defined territory, paying a royalty to the government and remitting the profits to the metropolis. The Deutsch-Asiatische Bank's concessions in China, the British South Africa Company's concessions in Rhodesia, and King Leopold's personal concession of the Congo Free State are the classical examples.

The Bondage of the Debtor Country

The cumulative effect of capital export, in whatever form, is the bondage of the debtor country to the creditor. The mechanism of bondage operates at three levels. At the economic level, the debtor country must devote a growing fraction of its export earnings to the service of the foreign debt — the payment of interest and dividends on foreign investments. The more it borrows, the more it must export; the more it exports, the more its economy is distorted toward the production of raw materials for the metropolitan market; the more its

economy is distorted, the more dependent it becomes on foreign capital for the development of new branches of production. The vicious circle is self-reinforcing. By 1914, the Latin American countries were devoting between 20 and 40 percent of their export earnings to the service of foreign debt; the Ottoman Empire was devoting more than half of its revenues to debt service after the establishment of the Ottoman Public Debt Administration in 1881; Egypt, after the British occupation of 1882, was placed under the virtual receivership of its foreign creditors.

At the political level, the bondage of the debtor country is expressed in the direct intervention of the creditor in its internal affairs. The creditor's bank syndicate dictates the terms of the loan: the rate of interest, the discount at which the loan is issued, the collateral that secures it, and — most important — the political conditions attached to it. The French loans to Russia were conditional on Russia's continued orientation toward the Franco-Russian alliance and on Russia's purchase of French railway equipment. The British loans to Argentina were conditional on the Argentine government's appointment of British advisers to the railway department and on the maintenance of the gold standard, which tied the Argentine peso to the London money market. The American loans to Latin America were conditional on the adoption of the dollar diplomacy — the so-called “Roosevelt Corollary” to the Monroe Doctrine, by which the United States claimed the right to intervene in any Latin American country that defaulted on its debts to American (or European) bondholders.

“The export of capital ... greatly affects and 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 do so only by expanding and deepening the further development of capitalism throughout the world. The countries which export capital have virtually divided the world among themselves. But finance capital has also led to the actual division of the world, to the struggle for spheres of capital investment, for sources of raw materials, for the subjugation of the colonial and dependent countries.”

— Lenin, *Imperialism, the Highest Stage of Capitalism*, Chapter IV (1916)

At the military level, the bondage of the debtor country is expressed in the readiness of the creditor to use force, when other means fail, to enforce its claims. The British occupation of Egypt in 1882 was the direct response to the Egyptian government's default on its foreign debt; the British bombardment of Alexandria and the occupation of Cairo established a military administration that lasted until 1922 (and, in residual form, until 1956). The American interventions in Central America and the Caribbean — in Nicaragua (1912, 1927), in Haiti (1915), in the Dominican Republic (1916), in Mexico (1914, 1916) — were the direct response to threats of default or of nationalization. The French occupation of Tunisia in 1881 and of Morocco in 1912, the Italian occupation of Libya in 1911, the Russian occupation of northern Persia after 1907 — all were the military counterpart of capital

export, the means by which the creditor enforced its claims when the political means proved insufficient.

Capital Export and the Formation of the Imperialist World System

The export of capital is the mechanism through which the imperialist world system is formed. By 1914, the world had been divided, in effect, into three zones. The first zone comprised the handful of capital-exporting countries — Britain, France, Germany, the United States, and, to a lesser extent, Belgium, Holland, and Switzerland — in which the financial oligarchy had accumulated surplus capital and sought profitable investment abroad. The second zone comprised the dependent countries — Latin America, the Ottoman Empire, China, Persia, Siam, Egypt, Morocco — in which foreign capital had penetrated deeply, in which the government was subordinated to foreign creditors, and in which the domestic economy was distorted toward the production of raw materials for the metropolitan market. The third zone comprised the colonies — Africa, India, Indonesia, Indochina — in which the metropolitan power exercised direct political sovereignty and in which the entire economy was organized for the extraction of raw materials and super-profits.

The relation between these zones is the relation of exploitation. The capital-exporting countries extract, in the form of interest, dividends, royalties, and profits, an enormous income from the dependent countries and the colonies. This income is the source of the parasitic character of imperialism: the metropolitan country, in the imperialist epoch, comes to live increasingly on the income from its foreign investments, rather than on the surplus value extracted from its own domestic proletariat. Britain, by 1914, was already a rentier state, importing more merchandise than it exported and covering the deficit by the income from its foreign investments. France, by 1914, was even more clearly a rentier state, with the rentier class — the small savers who had bought Russian, Ottoman, and Latin American government bonds — forming a substantial political constituency. The export of capital thus transforms not only the receiving countries but the exporting countries themselves, deforming their class structure in the direction of parasitism and decay.

The following chapter takes up the fifth and last fundamental feature of imperialism: the territorial division of the world among the great powers. The two phenomena are inseparable: capital export requires, for its security and profitability, the political and military control of the receiving country; and the political and military control, once established, becomes the means by which the metropolitan power excludes its rivals from the field of capital export. The colonial division of the world is thus the political counterpart of capital export, and together they constitute the imperialist world system.

5. The Territorial Division of the World

The fifth and final fundamental feature of imperialism, in Lenin's enumeration, is the territorial division of the world among the great capitalist powers. By the turn of the twentieth century, the surface of the earth had been divided, for the first time in human history, into colonies, semi-colonies, and the metropolitan territories of a handful of imperialist states. The partition was not complete — China, the Ottoman Empire, Persia, and Siam retained nominal sovereignty as semi-colonies — but it was substantially complete: Africa had been carved up at Berlin in 1884–85 and in the subsequent scramble; South and Southeast Asia had been distributed among the British, French, Dutch, and (after 1898) American empires; the Pacific had been parceled out among the British, French, German, American, and Japanese; even the polar regions had been claimed by rival expeditions. The era of free colonial expansion, in which any great power could seize whatever territory it could reach, was over. The era of re-division — of imperialist war for the redistribution of colonies already allocated — had begun.

The Colonial Grab Begins

The colonial expansion of the late nineteenth century was not, in its origins, a continuous process. It was preceded by a long period, from 1815 to about 1870, in which the older colonial empires (the British, the French, the Dutch, the Spanish, the Portuguese) had either contracted or stagnated. The Latin American colonies of Spain and Portugal had won their independence between 1810 and 1825; the British had moved toward free trade and had largely withdrawn from direct colonial administration, contenting themselves with informal domination through trade and investment; the French, after the loss of Haiti in 1804 and the abandonment of the Algerian conquest in 1847, had been cautious. The colonial expansion of the 1870s and 1880s was therefore a new departure, driven by the new requirements of monopoly capitalism: the search for raw materials, the search for markets, the search for fields of capital export, and the strategic need to secure the routes to India and the Far East.

The turning point was the scramble for Africa, which began in the late 1870s with the French advance into Tunisia and the Congo, the British occupation of Egypt (1882) and the British advance from the Cape into Bechuanaland and Rhodesia, the German annexation of South-West Africa, Togoland, the Cameroons, and East Africa (1884–85), and the Belgian King Leopold II's personal seizure of the Congo Free State (1885). The Berlin West Africa Conference of 1884–85, convened by Bismarck to regulate the scramble, laid down the principle that thereafter possession of a coastal territory would confer a claim on its hinterland, and that “effective occupation” — the actual presence of administrative and military forces — would be required to substantiate the claim. The Berlin Act did not restrain the scramble; it accelerated it, by establishing the rules under which further seizures could be recognized. The partition of Africa was completed in less than twenty years: by 1900,

only Ethiopia (which had defeated the Italian invasion at Adowa in 1896) and Liberia (an American quasi-protectorate) retained their independence.

“The Conference of Berlin, by recognizing the principle of effective occupation, made the partition of Africa a matter of deliberate European policy rather than of piecemeal commercial penetration. The powers undertook to notify one another of any new act of possession, to respect the existing possessions of others, and to maintain freedom of navigation on the Congo and the Niger. The result was not the prevention of conflict but its systematization: the colonial powers now had a recognized procedure by which to extend their possessions, and the race for the unoccupied territories of the interior began in earnest.”

— *General Act of the Berlin Conference on West Africa, Chapter I (February 26, 1885)*

Africa Divided

The partition of Africa exemplifies, with the greatest clarity, the logic of imperialist territorial expansion. The continent was divided among the great powers according to the strategic and economic requirements of each. Britain sought a continuous belt of territory from the Cape to Cairo, secured by the occupation of Egypt (1882), the annexation of Bechuanaland (1885), the conquest of Rhodesia (1890s), and the reconquest of the Sudan (1898). France sought a west-east belt from Dakar to Djibouti, blocked by the British at Fashoda in 1898. Germany, the latecomer, seized what was left: South-West Africa, Togoland, the Cameroons, and East Africa, together with a string of Pacific islands. Belgium, through Leopold's personal initiative, secured the enormous Congo basin. Italy, the weakest of the great powers, seized Eritrea, Somaliland, and (after the defeat at Adowa) Libya. Portugal, the oldest colonial power, retained its ancient possessions of Angola and Mozambique, with British and German acquiescence, because Portuguese weakness made these territories effectively available for future re-division.

The economic logic of the partition was transparent. The Congo, under Leopold's personal rule, was turned into a vast forced-labor camp for the extraction of rubber and ivory; the population was subjected to systematic mutilation (the chopping off of hands of those who failed to meet their rubber quotas), and the consequent population decline — estimated at between 5 and 10 million deaths between 1885 and 1908 — was such that even the other imperialist powers were forced to intervene, and the Congo was transferred from Leopold's personal ownership to the Belgian state in 1908. South Africa, seized by Britain in the Boer War of 1899–1902, was the source of the world's largest gold production and a substantial fraction of its diamonds. Egypt, under British occupation, was the source of long-staple cotton for the Lancashire mills and the strategic pivot of the route to India. West Africa supplied palm oil, cocoa, and minerals; East Africa supplied sisal and coffee; the Belgian

Congo supplied copper, tin, and uranium. The economic map of Africa was redrawn to serve the requirements of the metropolitan economies.

Asia and the “Open Door”

In Asia, the partition took a different form, because the great Asian empires — the Chinese, the Ottoman, and the Persian — were too large to be annexed outright and too weak to resist penetration. The British had seized India in the eighteenth century and had completed the conquest by 1858; from India they extended their influence into Burma, Malaya, and the Persian Gulf. The French took Indochina in three stages: Cochinchina (1862), Annam and Tonkin (1884), and Laos (1893). The Dutch expanded their ancient East Indian possessions into a unified colonial state over the course of the nineteenth century. The Russians advanced into Central Asia, reaching the frontiers of India and China by the 1880s. But the great Asian empires themselves — China, the Ottoman Empire, Persia — were treated differently: they were not annexed but reduced to semi-colonial status, their sovereignty punctured by unequal treaties, their economies subordinated to foreign capital, their territories divided into “spheres of influence” in which this or that imperialist power enjoyed exclusive or privileged rights.

China was the paradigmatic case. The Opium War of 1840–42 and the Treaty of Nanjing had opened the first of the treaty ports and had ceded Hong Kong to Britain. The Treaty of Shimonoseki (1895), imposed by Japan after its victory over China, ceded Taiwan to Japan, recognized Korea's independence (the prelude to Japanese annexation in 1910), and imposed a crushing indemnity that forced China to borrow from foreign banks. In 1898, in the wake of the Sino-Japanese War, the European powers descended on China in a “battle of concessions”: Germany seized Kiaochow Bay and obtained railway and mining rights in Shantung; Russia leased Port Arthur and obtained railway rights in Manchuria; Britain leased Weihaiwei and obtained railway rights in the Yangtze valley; France obtained railway rights in the southern provinces. The United States, late on the scene, proclaimed the “Open Door” policy in 1899 — the demand that all the imperialist powers enjoy equal commercial access to China — not, as bourgeois historiography pretends, in defense of Chinese sovereignty, but because American capital, lacking its own sphere of influence, demanded the right to penetrate all the others.

“The Open Door policy is not the defense of Chinese sovereignty but the demand that the spheres of influence of the other imperialist powers be opened to American capital on equal terms. Its function is to prevent the partition of China into exclusive colonial possessions, and to maintain instead the semi-colonial status quo in which all the imperialist powers exploit China jointly. The policy is the typical form of imperialist diplomacy in the era of monopoly capitalism: it presents the demand of

one imperialist power for access to the spoils as a defense of the sovereignty of the victim.”

— *Lenin, Notebooks on Imperialism (1915–1916), notes on the “Open Door”*

The Pacific and Latin America as “Semi-Colonies”

The partition extended to the Pacific and to Latin America, though in forms appropriate to the political and economic conditions of each region. The Pacific islands were seized outright: the British took Fiji, the Solomon Islands, and the Gilbert and Ellice Islands; the French took Tahiti and the New Hebrides (jointly with Britain); the Germans took New Guinea, the Bismarck Archipelago, Samoa, and the Marshall Islands; the Americans took Hawaii (annexed in 1898 after American planters had overthrown the Hawaiian monarchy in 1893), Guam, and (after the Spanish-American War of 1898) the Philippines and Puerto Rico. The Spanish-American War was a turning point: the United States, having seized Cuba, Puerto Rico, the Philippines, and Guam from a decrepit Spanish empire, emerged for the first time as a Pacific and Caribbean power and as a fully-fledged imperialist state. The suppression of the Philippine independence movement by the American army — a war of pacification that lasted from 1899 to 1902 and resulted in the death of perhaps 200,000 Filipino civilians — was the first major imperialist war of the American state.

Latin America, formally independent since the 1820s, was reduced to semi-colonial status by the combined action of British capital, French capital, and (after 1898) American capital. The British dominated the Argentine economy, the Chilean economy, and the Brazilian economy, through railway investments, government loans, and direct ownership of mines and ranches. The French dominated the Mexican economy through loans and mining investments until the Mexican Revolution of 1910 expelled them. The Americans, invoking the Monroe Doctrine of 1823 (which had proclaimed the western hemisphere closed to further European colonization), established their own domination of Central America and the Caribbean through the Platt Amendment (1901, which made Cuba a virtual protectorate), the seizure of the Panama Canal Zone (1903), the Roosevelt Corollary (1904, which asserted the right of American intervention in any Latin American country), and the dispatch of marines to Nicaragua, Haiti, the Dominican Republic, and Mexico. By 1914, Latin America had been divided, in effect, between British capital (in South America) and American capital (in Central America and the Caribbean).

The Re-Division: 1914 and After

The territorial division of the world was completed by approximately 1900. After that date, no significant territory remained unoccupied; any further expansion of one imperialist power could take place only at the expense of another. The law of uneven development, which we shall examine in detail in Chapter 6, made such re-division inevitable: the

imperialist powers developed at unequal rates, and the relative strengths of 1900 (Britain first, France and Germany next, the United States rising fast, Japan newly arrived, Russia backward) were transformed in the following decades. Germany, having industrialized faster than Britain and France, found itself with a colonial empire (acquired late, scattered, and poorly defended) entirely out of proportion to its industrial and military power. Japan, having industrialized faster than Russia, found itself hemmed in by the European colonial empires of the Far East. The United States, having surpassed Britain as the world's leading industrial power by 1900, found itself with colonial possessions (the Philippines, Puerto Rico, Hawaii, Cuba) far inferior to those of Britain and France.

The First World War was the first imperialist war of re-division. Germany sought to seize the colonies of Britain and France in Africa, the Ottoman possessions of Britain in the Middle East, and the spheres of influence of Britain and France in China; Britain and France sought to dismember the German colonial empire and to annex the German spheres of influence in the Ottoman Empire and in China; Japan, allied with Britain, seized the German concessions in Shantung and the German Pacific islands. The war ended in the dismemberment of the German colonial empire (Tanganyika, South-West Africa, the Cameroons, Togoland, New Guinea, the Pacific islands were distributed among the victors as mandates of the League of Nations) and in the dismemberment of the Ottoman Empire (the Arab provinces were divided between Britain and France as mandates). The peace of Versailles did not abolish imperialism; it redistributed its spoils. The path was thus prepared for the second imperialist war of re-division, which began in 1939.

The territorial division of the world is not, therefore, a fixed and final state but a moment in a continuing process. The unequal development of the imperialist powers continually disrupts the existing division; each new shift in the balance of forces opens a new round of struggle for re-division; each round of struggle tends, sooner or later, to escalate into war. The era of imperialism is the era of imperialist wars — wars for colonies, wars for spheres of influence, wars for markets, wars for sources of raw materials, wars for the re-division of the world. The following chapters examine the parasitic and decaying character of this system, the contradictions that doom it, and the historical forces that prepare its supersession.

6. Imperialism as Parasitic and Decaying Capitalism

The five fundamental features of imperialism identified by Lenin — the concentration of production and the birth of monopoly, the new role of the banks and the formation of finance capital, the export of capital, the territorial division of the world, and the struggle for re-division — do not constitute a static list. They form a structural totality, and from their interaction there emerges a series of further characteristics that Lenin grouped under the heading of “the parasitic or decaying capitalism.” The Soviet textbook Political Economy

(Institute of Economics of the Academy of Sciences of the U.S.S.R., 1957) defines this stage with precision: “Monopoly capitalism, or imperialism, is the highest and last stage of capitalism, with the replacement of free competition by the dominance of monopolies as its fundamental distinguishing feature.” The Shanghai textbook *Fundamentals of Political Economy* (1974) goes further, identifying the parasitic character as the structural essence of the epoch: “Imperialism is parasitic or decaying capitalism. Imperialism is dying capitalism.” This is not a marginal phenomenon; it is the structural form of existence of the imperialist nations as a whole.

The Rentier State and the Definition of Parasitism

The concept of the rentier state is central to Lenin's analysis. Lenin, in Chapter VIII of *Imperialism, the Highest Stage of Capitalism* (1916), defines the rentier state with complete precision: “The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production and sets the seal of parasitism on the whole country that lives by exploiting the labour of several overseas countries and colonies.” The rentier is the capitalist who lives, not on the profit extracted from the productive employment of his own capital, but on the interest, dividends, and royalties accruing from capital invested abroad. The rentier state is the state in which this stratum has become dominant, in which the national income depends increasingly on the income from foreign investments, and in which the entire economic and political structure is oriented toward the protection and expansion of that income. Britain by 1914 was already a rentier state; the United States today is the rentier state par excellence, with foreign income accruing not only through traditional interest and dividends but through the dollar's role as the world reserve currency, through the foreign holdings of its pension funds and mutual funds, through the global operations of its multinational corporations, and through the systematic exaction of seigniorage from the rest of the world.

Lenin's analysis of the rentier state rests on a precise quantitative demonstration. He cites the income of the British rentier class in 1899: the income from foreign investments was approximately 90 to 100 million pounds, against the income from foreign trade (the income of the “trading” country par excellence) of approximately 18 million pounds. “The income of the rentiers is five times greater than the income obtained from the foreign trade of the biggest ‘trading’ country in the world! This is the essence of imperialism and imperialist parasitism.” The parasitism of imperialism is therefore not a rhetorical denunciation but a structural relation, quantifiable in the ratio of rentier income to productive income. In the contemporary United States, this ratio has reached levels that the British Empire of 1914 never approached: the financial sector alone accounts for some 8 to 9 percent of GDP and over 30 percent of total corporate profits, while manufacturing accounts for some 11 percent of GDP and a declining share of profits; the armaments sector absorbs some

3 to 4 percent of GDP; and the retail sector, which produces no value whatsoever, accounts for some 7 percent of GDP. The parasitic sectors, taken together, account for the majority of the U.S. economy; the productive sectors account for a shrinking minority.

Marx's Distinction between Productive and Unproductive Labor

The theoretical foundation of the analysis of parasitism is Marx's distinction between productive and unproductive labor, developed in *Theories of Surplus Value* (Chapter IV) and applied throughout *Capital*, Volume II. Marx, following and radicalizing Adam Smith, defines productive labor — from the standpoint of capitalist production — as wage-labor that produces surplus-value, i.e., labor that is exchanged with capital (not with revenue) and that creates a value exceeding the value of the labor-power expended. Unproductive labor is labor that is exchanged with revenue, that produces no surplus-value, and that is consumed as revenue rather than transformed into capital. The distinction is not a moral one; it is a structural one, rooted in the relation of the labor to the production and realization of surplus-value.

“Productive labour, in its meaning for capitalist production, is wage-labour which, exchanged against the variable part of capital ... reproduces the variable part of capital ... and produces a surplus-value for the capitalist. ... Only labour which produces capital is productive labour. ... Unproductive labour is labour which is not exchanged with capital, but directly with revenue, i.e., with wages or profit.”

— Karl Marx, *Theories of Surplus Value*, Chapter IV (1861–1863), on Adam Smith's first definition

Marx, in the same chapter, draws the political consequences with complete clarity. The unproductive laborer is not a proletarian; he is a consumer of revenue, a deduction from the social product. The sovereign, the army and navy, the churchmen, the lawyers, the physicians, the men of letters, the players, the buffoons, the musicians, the opera-singers, the opera-dancers — all are unproductive laborers, in the precise sense that they produce no value, no surplus-value, no capital. They are maintained by a part of the annual produce of the industry of other people. The same structural position is occupied, in the contemporary imperialist economy, by the great mass of state employees (the military, the police, the prison guards, the bureaucrats, the teachers in the bourgeois schools, the judges, the lawyers), by the great mass of financial-sector employees (the bankers, the brokers, the insurance agents, the real-estate agents, the investment advisers), by the great mass of retail and wholesale employees (the sales workers, the cashiers, the stock clerks, the merchandisers), and by the great mass of the so-called “service” sector that serves the consumption of the imperialist bourgeoisie and its labor aristocracy.

“The labour of some of the most respectable orders in the society is, like that of menial servants, unproductive of any value ... The sovereign, for example, with all

the officers both of justice and war who serve under him, the whole army and navy, are unproductive labourers. They are the servants of the public, and are maintained by a part of the annual produce of the industry of other people ... In the same class must be ranked ... churchmen, lawyers, physicians, men of letters of all kinds; players, buffoons, musicians, opera-singers, opera-dancers, etc.”

— Karl Marx, *Theories of Surplus Value, Chapter IV (1861–1863)*, citing and endorsing Adam Smith, *Wealth of Nations, Book II, Chapter III*

The merchant's commercial worker (the retail worker, the clerk, the book-keeper, the sales agent) occupies a special position in Marx's analysis. In *Capital*, Volume II, Marx devotes an extended passage to the commercial worker, demonstrating that his labor — however necessary it may be to the circulation of capital — creates neither value nor product. The commercial worker belongs to the faux frais of production, to the costs of circulation; his labor, however skillfully performed, is a deduction from the social product, not a contribution to it. The retail worker who scans the barcode of a commodity made in Bangladesh or China, the bank teller who processes a transaction, the insurance agent who sells a policy, the real-estate agent who facilitates a sale — all perform necessary functions for the circulation and realization of capital, but none of them produces value. Their wages are paid out of the surplus-value produced by the productive workers of the oppressed nations.

“He expends his labour-power and labour-time in the operations C—M and M—C. And he makes his living that way, just as another does by spinning or making pills. He performs a necessary function, because the process of reproduction itself includes unproductive functions. He works as well as the next man, but intrinsically his labour creates neither value nor product. He belongs himself to the faux frais of production. His usefulness does not consist in transforming an unproductive function into a productive one, nor unproductive into productive labour. ... It would be a miracle if such transformation could be accomplished by the mere transfer of a function.”

— Karl Marx, *Capital, Volume II, Chapter VI (1885, ed. Engels)*, on the costs of circulation

The political consequence of Marx's analysis is that the great mass of the imperialist-country working class — the retail workers, the financial-sector workers, the state employees, the service workers — is not, in the strict Marxist sense, a productive proletariat. These strata produce no value, no surplus-value, no capital; they are maintained, in the last analysis, by the surplus-value produced by the productive workers of the oppressed nations. To organize these strata, alongside the productive proletariat, in the same trade unions, in the same political party, under the same banner, is to reproduce the labor-aristocratic myth that the imperialist-country working class is exploited in the same way as the third-world

working class. It is not. The imperialist-country unproductive worker is the parasite; the third-world productive worker is the host.

The Aggregate Social Product and the Imperialist Division of Labor

The Soviet textbook provides the precise category for the analysis of this parasitism: the aggregate social product. “The entire mass of material wealth produced in society over a definite period, e.g., a year, constitutes the aggregate social product (or gross product). ... That part of the aggregate social product in which newly-created value is incorporated is the national income. ... The aggregate social product, and therefore also the national income, are created by workers employed in the various branches of material production. This means all those branches in which material wealth is produced: industry, agriculture, building, transport, etc. The national income is not created in the non-productive branches, to which belong the machinery of State, credit, trade (except for those operations in this branch which are a continuation of the process of production into the sphere circulation), medical institutions, places of entertainment, etc.” (Political Economy, 1957, Chapter XV). The aggregate social product of the contemporary world is produced overwhelmingly in the oppressed nations: China, India, Bangladesh, Vietnam, Indonesia, Mexico, Brazil, Egypt, and the other third-world countries produce the material wealth that the imperialist nations consume. The imperialist nations, by contrast, employ the great majority of their labor force in the non-productive branches — in the machinery of State, in credit, in trade, in the unproductive “services” that serve the consumption of the imperialist bourgeoisie and its labor aristocracy.

The Soviet textbook continues with the decisive statistical observation: “In capitalist countries a quite considerable part of the able-bodied population not only does not take part in producing the social product and national income, but is not in any way engaged in socially-useful labour. To this category of persons belong first and foremost the exploiting classes and their numerous parasitic hangers-on, together with the huge police, bureaucratic and militaristic apparatus which upholds the system of capitalist wage-slavery. ... As capitalism develops, the State apparatus becomes more and more inflated; the number of persons in attendance upon the bourgeoisie grows, and while the portion of the population engaged in the sphere of material production is reduced, the proportion of persons engaged in circulation increases.” The textbook then provides the quantitative index of parasitism: “In the U.S.A. the proportion of the able-bodied population engaged in branches of material production was in 1910 43.9 per cent, in 1920 41.5 per cent, in 1930 35.5 per cent and in 1940 about 34 per cent.” This proportion has continued to decline in the postwar period: by 2020, less than 9 percent of the U.S. employed labor force was engaged in manufacturing, and the productive branches taken together (manufacturing, mining, agriculture, construction, transport) accounted for less than 15 percent of the employed labor force. The

remaining 85 percent — the retail workers, the financial workers, the state employees, the police, the prison guards, the lawyers, the advertisers, the consultants, the real-estate agents, the health-care administrators — are engaged in unproductive labor, maintained by the surplus-value produced by the productive workers of the oppressed nations.

The Labor Aristocracy: The Upper Stratum Directly Bribed

The labor aristocracy is the structural product of this parasitism. Lenin, in the Preface to the French and German Editions of *Imperialism* (July 6, 1920), provided the most precise formulation: “Obviously, out of such enormous superprofits (since they are obtained over and above the profits which capitalists squeeze out of the workers of their ‘own’ country) it is possible to bribe the labour leaders and the upper stratum of the labour aristocracy. And that is just what the capitalists of the ‘advanced’ countries are doing: they are bribing them in a thousand different ways, direct and indirect, overt and covert.” The bribery of the imperialist-country working class is not uniform; it is concentrated in the upper stratum — the trade-union officials, the parliamentary representatives, the editors of the labor press, the well-paid skilled workers of the monopolized branches, the professionals, the foremen, the technicians. This stratum, though a numerical minority of the working class, is the decisive stratum: it leads the trade unions, it controls the labor parties, it shapes the political consciousness of the broader masses.

The broader masses of the imperialist-country working class are not, in the main, directly bribed; they are bribed indirectly, through the labor aristocracy that leads them, through the ideological apparatus that shapes their consciousness, and through the promise — the mere promise — of participation in the redivision of super-profits. The mechanism of bribery by promise operates through several interlocking institutions: the labor market (which preserves imperialist-country wages above their value by the imperialist monopoly of the world market); the welfare state (which distributes the super-profits of the oppressed nations to the settler population on a racially and nationally exclusionary basis); the ideological apparatus (which inculcates the consciousness of a superior nation and the alignment of interests with one's own bourgeoisie against the oppressed nations); and the promise of social mobility (the American Dream, the meritocracy, the ladder of opportunity, by which the oppressor-nation worker is persuaded to identify with the imperialist bourgeoisie rather than with the oppressed nations). This is the structural foundation of the reactionary political consciousness of the Euro-American working class — not direct bribery, but the systematic inculcation of the consciousness of the bribe-receiver.

J. Sakai's Settlers as Marxist-Leninist Political Economy

The most rigorous contemporary development of the labor-aristocracy thesis is J. Sakai's *Settlers: The Mythology of the White Proletariat from Mayflower to Modern* (1989;

3rd edition, Kersplebedeb, 2014). Sakai's work is not, as the imperialist chauvinists of the "left" pretend, a work of "identarian" sociology or of "identity politics." It is a work of Marxist-Leninist political economy, applying the categories of Marx's *Capital* and Lenin's *Imperialism* to the specific historical formation of the Euro-Amerikan settler-colonial oppressor nation. Sakai's central thesis is that the Euro-Amerikan working class is not, and has never been, a proletariat in the Marxist sense: it is a labor aristocracy, a settler-colonial class whose material privileges depend on the super-exploitation of the oppressed nations within the U.S. Empire (the New Afrikan, the Mexicano, the Indian, and the Asian nations) and of the oppressed nations abroad. The Euro-Amerikan working class was raised up, from the very foundation of the settler colonies, on a foundation of conquest, genocide, and enslavement; its entire mode of life is parasitic on the oppressed nations.

"This labor aristocracy of bribed workers is not neutral, but is fighting for its capitalist masters. Therefore, they must be combatted, just like the army or police (who are the military base of the imperialists, while the labor aristocracy is its social base)." — Lenin, cited in J. Sakai, Settlers: The Mythology of the White Proletariat (1989), p. 52

Sakai's argument is the direct continuation, in the specific conditions of the U.S. Empire, of the analyses developed by Lenin in *Imperialism* and by the Communist International in its theses on the national and colonial question. Sakai cites Lenin's estimate that the labor aristocracy comprised roughly 20 percent of the German working class in 1914; Sakai's own estimate, for the Euro-Amerikan working class at the turn of the twentieth century, is approximately 25 percent (the skilled craft workers of the A.F.L. unions, the foremen, the technicians, the better-paid factory workers). The historical evidence for Sakai's thesis is overwhelming. From the colonial period onward, the Euro-Amerikan masses participated willingly and enthusiastically in the dispossession of the Indian nations (the seizure of land that formed the material foundation of Euro-Amerikan society), in the enslavement of the Afrikan nation (the slave-labor system that produced the cotton on which the early industrialization of the North depended), in the conquest of Mexican territory (the war of 1846–1848 that seized half of Mexico), in the overseas expansion of 1898 (the seizure of Cuba, Puerto Rico, the Philippines, Hawaii), and in the imperialist wars of the twentieth and twenty-first centuries. The Euro-Amerikan working class did not oppose these conquests; it demanded its share of the spoils. The Homestead Act of 1862 (which distributed 160 acres of stolen Indian land to each Euro-Amerikan settler family) and the G.I. Bill of 1944 (which provided subsidized housing, education, and loans to Euro-Amerikan veterans while systematically denying them to New Afrikan veterans) are the classical forms of this distribution. The labor aristocracy is not an accidental phenomenon of the imperialist epoch; it is the structural form of the settler-colonial oppressor nation.

The Israeli Settler “Working” Class: A Second Euro-Amerikan Pattern

The state of Israel provides, in the present conjuncture, the clearest contemporary example of the labor aristocracy as settler-colonial class. The European Jewish settlers who arrived in Palestine from the late nineteenth century onward, and who established the state of Israel in 1948 through the systematic ethnic cleansing of the Palestinian people (the Nakba), were not, in their mass, a proletariat in the Marxist sense. They were settlers — colonizers — whose material privileges depended on the dispossession of the indigenous Palestinian population. The Zionist labor movement (the Histadrut, the Mapai party, the kibbutz movement), which presented itself to the world as a socialist labor movement, was in reality the organized apparatus of settler colonization: it organized Jewish-only labor, Jewish-only land, Jewish-only housing, and Jewish-only production, and it used the rhetoric of socialism to conceal the settler-colonial content of its project. The so-called Israeli “working class” is, in its decisive strata, a labor aristocracy whose material privileges depend on the continued expropriation, occupation, and super-exploitation of the Palestinian people.

Sakai himself drew this parallel explicitly: “We can hear similar defenses put forward by the European settlers of Israel, who claim that much of the Palestinian land and buildings they occupy are rightfully theirs, since the Arabs allegedly decided to voluntarily abandon it all during the 1948–49 war. Are these kind of tales any less preposterous when put forward by Euro-Amerikan settlers?” (Settlers, p. 8). The settlers of Israel and the settlers of Euro-Amerika are, in their class position, identical: both are settler-colonial labor aristocracies, parasitic on the oppressed nations they have colonized. To treat the Israeli “working class” as a proletariat with the same revolutionary interests as the Palestinian people is to reproduce the same mythology that conceals the settler-colonial character of the oppressor nation. The Israeli “working class,” like the Euro-Amerikan “working class,” supports the imperialist war machine of its own state, supports the imperialist alliances of its own state, and opposes the national liberation struggle of the oppressed nation it has colonized. Both must be combatted as social bases of imperialism, not appealed to as potential allies of the proletarian revolution.

Real Wages and the Parasitic Standard of Living

The empirical record of real wages in the imperialist countries is the empirical verification of the labor-aristocracy thesis. The median weekly real earnings of full-time wage and salary workers in the United States, as measured by the Bureau of Labor Statistics (series LEU0252881600Q) and adjusted for inflation in 1982–84 CPI dollars, have grown from approximately \$330 per week in 1980 to approximately \$375 per week in 2025 — a total increase of about 13.6 percent over 45 years, or about 0.3 percent per year. This is not the wage trajectory of a proletariat being squeezed by an extracting bourgeoisie; it is the wage trajectory of a labor aristocracy whose privileges are being maintained, at a roughly

constant level, by the continued extraction of super-profits from the oppressed nations. The absolute level — a median weekly real earning of some \$375 in 1982–84 dollars, equivalent to perhaps \$1,000 in 2025 dollars — is itself the measure of parasitism: it is the standard of living of a labor aristocrat, not of a productive proletarian.



Figure 6.1 — Median usual weekly real earnings (in 1982–84 CPI-adjusted dollars) for full-time wage and salary workers aged 16 and over, United States, 1980–2025. Source: U.S. Bureau of Labor Statistics, series LEU0252881600Q, via FRED® (Federal Reserve Bank of St. Louis). Shaded areas indicate U.S. recessions. Real wages have grown approximately 13.6 percent over 45 years — a level of stagnation consistent with the labor-aristocracy thesis, not with the thesis of a domestically-exploited proletariat.

The OECD's comparative data on real wages (PPP-adjusted, 2021 prices) for the period 2000–2022 show that the imperialist countries have experienced either stagnation or modest growth: Italy +0.9 percent, Japan −0.2 percent, Germany +14.8 percent, France +20.8 percent, the United Kingdom +20.1 percent, the United States +26.7 percent, Canada +26.9 percent. The growth rates of the imperialist countries, even the highest of them, are far below the growth rates of the People's Republic of China. The ILO's comparative data on real wage indices for the G20 countries (2008–2022) provide the clearest demonstration: in the advanced G20 economies, the United States rose from index 100 to 112 (+12 percent), Italy fell from 100 to 88 (−12 percent), Japan remained flat; in the emerging G20 economies, China rose from index 100 to 258 (+158 percent), Turkey rose from 100 to 175 (+75 percent), India rose from 100 to 140 (+40 percent). The divergence is structural and overwhelming: the productive economies of the oppressed nations are growing rapidly; the parasitic economies of the imperialist nations are stagnating.

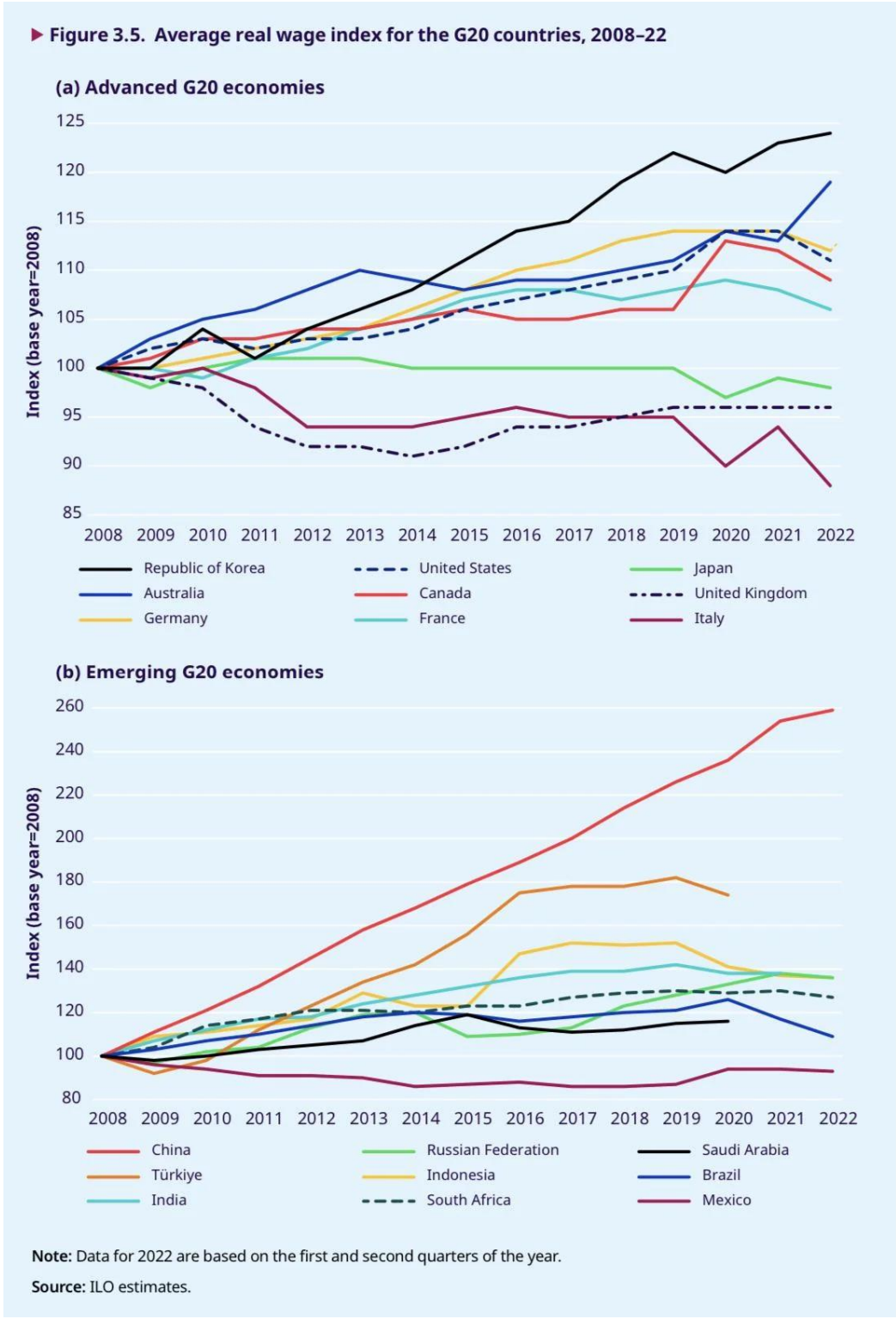


Figure 6.2 — Average real wage index for G20 countries, 2008–2022 (index 2008 = 100). Source: ILO estimates. In panel (a), advanced G20 economies: United States +12 percent, Italy –12 percent, Japan flat. In panel (b), emerging G20 economies: China +158 percent, Turkey +75 percent, India +40 percent. The divergence between the stagnant parasitic economies of the imperialist nations and the rapidly growing productive economies of the oppressed nations is the empirical confirmation of the labor-aristocracy thesis.

Militarization as Mode of Accumulation

A distinctive feature of the parasitic and decaying capitalism is the militarization of the economy. The Soviet textbook identifies this tendency with precision: as capitalism develops, the unproductive expenditure of labor on the militarist apparatus grows; the State apparatus becomes more and more inflated; the police, bureaucratic, and militarist apparatus that upholds the system of capitalist wage-slavery absorbs a growing share of the social product. In the contemporary United States, the five great armaments contractors (Lockheed Martin, Boeing, Northrop Grumman, Raytheon, General Dynamics) absorb some 200 to 300 billion dollars annually in Pentagon contracts, and their interlocking directorates with the great banks, the great oil companies, and the great technology monopolies constitute the core of the military-industrial-financial complex that Eisenhower warned of in 1961 and that has since become the dominant apparatus of the American state.

The militarization of the economy is, in the Marxist-Leninist analysis, not a deviation from the normal operation of monopoly capitalism but a necessary form of its expansion. The monopoly, having captured the home market, seeks external markets for its surplus output; the seizure of external markets requires the political and military subjugation of the receiving countries; the political and military subjugation requires a great military establishment; the great military establishment requires the production of armaments; the production of armaments requires the expansion of heavy industry; and the expansion of heavy industry, organized as a monopoly, generates further surplus output requiring further external markets. The closed circuit of militarist accumulation — the state borrows from the great banks to finance the armaments monopolies; the armaments monopolies pay dividends to the financial oligarchy; the financial oligarchy lends the proceeds back to the state — is the structural form of the parasitism of the imperialist epoch. The working class and the colonial peoples pay the cost, in taxes and in blood.

Uneven and Combined Development

The parasitism and decay of imperialism do not signify a uniform regression of the productive forces. They signify, rather, a contradictory development in which some branches and some countries advance while others stagnate or decline. The development of monopoly capitalism is, in Lenin's phrase, “uneven” — it proceeds at different rates in different branches of industry, in different countries, in different periods. The technical progress of the imperialist epoch is concentrated in the branches that serve monopoly profit (armaments, chemicals, electrical engineering, oil, semiconductors, finance) and is retarded in the branches that serve mass consumption (housing, agriculture, food, public health). The law of uneven development is the foundation of the strategy of the world proletarian revolution: the chain of imperialism breaks at its weakest link, not at its strongest. The October Revolution was the practical verification of this law; the Chinese Revolution was its second great verification; the national liberation movements of Asia, Africa, and Latin America

have been its continuing verification. The parasitism and decay of imperialism signify capitalism in fatal and immediate collapse; they signify capitalism whose contradictions are sharpened, whose development is increasingly uneven, whose progressive role is exhausted, and whose supersession becomes a real historical possibility. The following chapter takes up the political consequences of this analysis: the thesis that imperialism is the eve of the proletarian revolution, and that the era of imperialism is the era of the dictatorship of the proletariat.

7. Imperialism as the Eve of the Proletarian Revolution

Lenin's final, and politically decisive, thesis on imperialism is that imperialism is the eve of the proletarian revolution. The phrase is not a rhetorical flourish; it is a scientific proposition, derived from the structural analysis of monopoly capitalism and from the law of uneven development. The thesis has the following meaning: imperialism, by completing the socialization of production within the framework of capitalist property relations, by concentrating the contradictions of capitalism to the point of acute crisis, by transforming the national capitalism of the competitive stage into a world system of exploitation, and by generating the political and military conflicts that reveal the inability of the bourgeoisie to govern, prepares the objective conditions for the seizure of power by the proletariat. The era of imperialism is the era in which the dictatorship of the proletariat becomes, for the first time in history, an immediate practical task.

State-Monopoly Capitalism

The material preparation of the socialist revolution consists, above all, in the development of state-monopoly capitalism. The term denotes the fusion of the monopoly unions of the capitalists with the state apparatus, by which the state becomes, in effect, a committee for managing the common affairs of the financial oligarchy. State-monopoly capitalism is the highest stage of capitalism — not, as bourgeois economists pretend, a transitional form between capitalism and socialism, but the final form of capitalism itself, the form in which the contradiction between the socialization of production and the private appropriation of the product reaches its highest point. The state, in this form, takes over entire branches of production (postal services, telegraphs, railways, electrical power, munitions), regulates the activities of the monopolies, manages the currency and the credit system, controls foreign trade, and — in time of war — organizes the entire economy for military purposes.

Engels had already noted this tendency in *Anti-Dühring*. He observed that the joint-stock companies and the trusts represented, in the first instance, the socialization of production within the framework of capitalist property; that the state, by taking over the

direction of entire branches, carried this socialization one step further; and that, in time of war, the state was compelled to take over the direction of the whole economy. The First World War provided the empirical verification: in Germany, Britain, France, and (after 1917) the United States, the state organized the production and distribution of food, raw materials, labor, and armaments; the great monopolies were subordinated (in appearance) to the state, but in reality the state was subordinated to the great monopolies. The war economy of 1914–1918 was the first systematic experience of state-monopoly capitalism; the New Deal of the 1930s, the war economies of the Second World War, and the postwar mixed economies of the imperialist countries were its further development.

“The development of capitalism has arrived at the stage of state-monopoly capitalism. The state, by taking over the direction of production, has carried to its highest point the socialization of production that was begun by the joint-stock companies and the trusts. The state apparatus, however, remains in the hands of the financial oligarchy; the socialization of production is thus subordinated to the private appropriation of the product. The contradiction between socialized production and private appropriation reaches its highest point. The dictatorship of the proletariat, by seizing the state apparatus and expropriating the financial oligarchy, can transform the state-monopoly capitalism that has been built up by the bourgeoisie into the foundation of the socialist economy.”

— Lenin, *The Impending Catastrophe and How to Combat It* (September 1917)

This passage, written on the eve of the October Revolution, contains the theoretical foundation of the Bolshevik economic program. State-monopoly capitalism, Lenin argues, has already socialized production to the point at which the transition to socialism is technically possible; what is required is the substitution of the dictatorship of the proletariat for the dictatorship of the financial oligarchy, the substitution of planned production for monopoly production, and the substitution of socialist property for capitalist property. The Soviet state, by nationalizing the banks, the syndicates, the trusts, and the land, could take over the apparatus that the imperialist bourgeoisie had already constructed, and could use it for the satisfaction of human need rather than for the extraction of surplus value. This was the strategic orientation that guided the Soviet economic policy of the first years of the dictatorship of the proletariat.

Three Sharpened Contradictions

Imperialism sharpens the three principal contradictions of capitalism to the point of acute crisis. The first is the contradiction between labor and capital. In the stage of free competition, the exploitation of the worker is masked by the formal equality of the wage contract: the worker sells his labor-power at its value (the value of the means of subsistence required for its reproduction), and the capitalist pays the wage. In the imperialist epoch, the

monopoly unions extract surplus value not only from the workers of the imperialist countries but, above all, from the workers and peasants of the colonies and dependent countries, and the monopoly prices transfer surplus value from the non-monopolized branches to the monopolized branches. The rate of exploitation rises; the concentration of capital proceeds; the periodic crises become more severe; the unemployment that accompanies each crisis becomes mass unemployment. The class struggle, far from being softened (as the opportunists of the Second International pretended), is sharpened to the point of revolutionary crisis.

The second contradiction is the inter-imperialist contradiction. The law of uneven development operates among the imperialist countries themselves: Britain, the pioneer, declines; Germany, the latecomer, advances; the United States, having surpassed both, becomes the dominant industrial power; Japan, having industrialized in a single generation, joins the imperialist club. The relative strengths of the imperialist powers change continuously; the territorial division of the world, established at one moment, becomes inadequate at the next; the struggle for re-division becomes inevitable; and the struggle for re-division, given the military character of monopoly capitalism, takes the form of imperialist war. The First World War was the first great inter-imperialist war of re-division; the Second World War was the second. Each war weakened the imperialist system as a whole, sharpened the contradictions within each imperialist country, and opened revolutionary possibilities in the weakest links of the chain.

The third contradiction is the contradiction between the handful of imperialist oppressor nations and the vast majority of oppressed nations. The colonial division of the world subordinates the dependent countries to the imperialist countries, distorts their economies toward the production of raw materials, and extracts from them an enormous tribute in the form of interest, dividends, and super-profits. The oppressed nations — the colonies of Africa and Asia, the semi-colonies of Latin America and the Far East — constitute the great majority of the world's population. Their struggle for national liberation is, in the imperialist epoch, a constituent part of the world proletarian revolution: by striking at the imperialist system in its most vulnerable point (the colonial and semi-colonial periphery), the national liberation movements weaken the imperialist center, deprive it of its super-profits, and undermine the material basis of the labor aristocracy. The alliance between the socialist revolution in the imperialist countries and the national liberation movements in the oppressed nations is the strategic axis of the world proletarian revolution.

The Weakest Link Thesis

The law of uneven development has the political consequence that the imperialist chain does not break at its strongest point but at its weakest. The strongest point of the imperialist chain in 1917 was the United States — the most advanced industrial country, the greatest

creditor nation, the country in which monopoly capitalism was most fully developed. The revolution did not come in the United States, and it could not have come there, because the contradictions of imperialism were not, in 1917, acute in the United States: the country was growing richer from the war, the working class was relatively satisfied, the labor aristocracy was firmly established. The weakest point of the imperialist chain in 1917 was Russia — the most backward of the great powers, the country in which the contradictions of imperialism were most acute.

“The development of capitalism proceeds extremely unevenly in the various countries. It cannot be otherwise under the system of commodity production. From this it follows irrefutably that socialism cannot achieve victory simultaneously in all countries. It will achieve victory first in one or several countries, while the others will remain bourgeois or pre-bourgeois for some time. This must necessarily create a series of friction and conflicts between such countries, between the socialist countries and the bourgeois countries.”

— Lenin, *The Military Programme of the Proletarian Revolution* (September 1916)

Russia, in 1917, presented the most acute concentration of all the contradictions of imperialism. The country was at once an imperialist power (with vast foreign investments in Persia, Manchuria, and the Balkans; with a great armaments industry; with a colonial empire in Central Asia and the Caucasus) and a semi-colony of French and British capital (which had advanced billions of francs to the Tsarist government and which dictated important aspects of Russian foreign and military policy). The country was ruled by an absolutist monarchy that had failed to carry out the bourgeois-democratic revolution; the agrarian question — the expropriation of the landed nobility and the redistribution of the land to the peasantry — remained unresolved; the working class, concentrated in great factories in St. Petersburg and Moscow, was highly revolutionary; the oppressed nations (Poles, Finns, Ukrainians, Georgians, Armenians, the peoples of Central Asia) were in ferment. The war, by exposing the corruption and incompetence of the Tsarist regime, by sharpening the food crisis in the cities, and by straining the army to the breaking point, brought all these contradictions to a head. The February Revolution overthrew the Tsar; the October Revolution overthrew the bourgeoisie.

Imperialism and the Dictatorship of the Proletariat

The thesis that imperialism is the eve of the proletarian revolution is, in its political content, the thesis that the era of imperialism is the era of the dictatorship of the proletariat. The two formulations are inseparable. The contradictions of imperialism, sharpened to the point of acute crisis, can be resolved not by a return to free competition (which is impossible: the laws of capitalist development do not run backward) and not by a reform of monopoly

capitalism (which is impossible: the monopoly unions and the financial oligarchy cannot be dissolved without expropriating them), but only by the revolutionary overthrow of the bourgeoisie and the establishment of the dictatorship of the proletariat. The dictatorship of the proletariat is the political form in which the working class, having seized power, expropriates the expropriators, socializes the means of production, and undertakes the construction of socialism.

“The period of imperialism is the period of the decay of capitalism, the period of the dying capitalism, of moribund capitalism. The period of imperialism is the eve of the social revolution of the proletariat. This is not because the contradictions of capitalism have become less acute — they have become more acute. This is not because capitalism has become more stable — it has become less stable. This is because the development of monopoly capitalism, by socializing production, by sharpening the class struggle, by intensifying the contradictions between the oppressor and the oppressed nations, and by generating imperialist war, has prepared both the objective conditions and the subjective conditions for the seizure of power by the proletariat.”

— Lenin, *Imperialism, the Highest Stage of Capitalism, Chapter X (1916)*

The dictatorship of the proletariat, in the Marxist-Leninist analysis, is not identical with socialism. It is the transitional period between capitalism and socialism, the period during which the working class, having seized political power, expropriates the bourgeoisie, suppresses the bourgeoisie's resistance, reorganizes the economy on the basis of social ownership of the means of production, and constructs the material and cultural foundations of socialism. The dictatorship of the proletariat is the political form of the transition; socialism is the social-economic content of the transition; communism is the final result. The duration of the transitional period depends on the level of development of the productive forces, on the strength of the domestic bourgeoisie, on the international situation, and on the maturity of the working class. In the Soviet Union, the transitional period extended from October 1917 to the mid-1930s, when the construction of the foundations of socialism was completed and the new Soviet Constitution of 1936 proclaimed the achievement of socialism in one country.

The following chapter takes up the comparative survey of the principal imperialist powers. The analysis of imperialism as a structural totality — monopoly, finance capital, capital export, territorial division, parasitic decay — must be supplemented by the concrete analysis of the particular forms that imperialism takes in each country, according to its level of economic development, its colonial possessions, its position in the world market, and the specific features of its class structure. The comparative survey is the empirical verification of the theory, and the necessary preparation for the analysis of inter-imperialist rivalry and of the world wars that we shall take up in Chapter 10.

8. A Comparative Survey of Imperialist Powers

The general theory of imperialism must be verified and concretized by the analysis of the particular forms that imperialism takes in each of the principal imperialist countries. The laws of monopoly capitalism operate universally, but they operate through specific national histories, specific class structures, specific colonial possessions, and specific geopolitical positions. The form of imperialism in Britain is not the form of imperialism in France, in Germany, in the United States, in Japan, or in Tsarist Russia. Each country has its own path to monopoly capitalism, its own form of finance capital, its own colonial empire, its own mode of extracting super-profits, and its own contradictions. A comparative survey is therefore indispensable: it is the empirical verification of the theory, and it is the necessary preparation for the analysis of inter-imperialist rivalry and of the world wars that we shall take up in Chapter 10.

Britain — The Pioneer and Its Decline

Britain was the pioneer of capitalism and the pioneer of imperialism. The industrial revolution of the late eighteenth and early nineteenth centuries had made Britain the workshop of the world; by 1850, Britain produced more than half of the world's iron, more than half of its cotton textiles, and more than half of its steam power. The supremacy of British industry in the period 1840–1870 was the basis of the policy of free trade — the demand that all countries open their markets to British goods, while Britain itself (after the repeal of the Corn Laws in 1846) opened its market to foreign food. The colonial empire of Britain, in this period, was not a closed monopoly domain but a system of free-trade colonies, open to British goods and to British capital, but also (in principle) to the goods and capital of other countries. The British domination of India, established between 1757 and 1858, was the great exception: India was subordinated to the British economy as a source of raw materials (cotton, jute, tea, indigo) and as a captive market for British textiles.

The decline of British industrial supremacy began in the 1870s, when Germany and the United States began to challenge British industry in iron, steel, chemicals, and electrical engineering. The British response was the turn to imperialism: the scramble for Africa, the occupation of Egypt (1882), the extension of British rule over Malaya, Burma, and the Persian Gulf, and the consolidation of British financial supremacy in Latin America. By 1914, Britain had become a rentier state, living on the income from its foreign investments (the largest in the world) and on the super-profits extracted from its colonial empire (the largest in the world). The British form of imperialism was thus characterized, above all, by the colonial empire and by the rentier economy. The British monopoly unions (Imperial Chemical Industries, Vickers, Courtaulds, Unilever) were less developed than their German or American counterparts; the British banks were less closely fused with industry than the

German banks; but the colonial empire, the merchant marine, the City of London, and the sterling area constituted a financial-commercial apparatus of domination that more than compensated for the relative backwardness of British industry.

France — Rentier Imperialism

The French form of imperialism was characterized, above all, by the rentier. The French industrial revolution, slower than the British and later than the German, had left France with a substantial peasantry, a large petty-bourgeoisie, and a relatively small industrial proletariat. The French banking system, dominated by the great deposit banks (Crédit Lyonnais, Société Générale, Comptoir National d'Escompte), had channeled the savings of the French middle class into government loans to foreign states. The French foreign investments, the second largest in the world after Britain's, were overwhelmingly in the form of government loans — to Russia (which absorbed nearly one-third of all French foreign investment), to the Ottoman Empire, to Latin America, to the Balkan states. The income from these loans, paid in interest, supported the French rentier class and gave French imperialism its distinctive character: a rentier imperialism, in which the state and the great banks cooperated to lend money to foreign governments, and in which the political and military power of France was placed at the service of the bondholders.

The French colonial empire, second in extent only to the British, was the political counterpart of the rentier economy. France had conquered Algeria (1830–1847), had extended its influence over Tunisia (1881) and Morocco (1912), had seized Indo-China (1862–1893), had carved out a vast domain in West and Equatorial Africa (1880s–1900s), and had acquired Madagascar (1896). The colonies were the source of raw materials (cotton, vegetable oils, rubber, minerals) and were the captive markets for French manufactured goods. But the distinctive feature of French imperialism was the rentier: the small French bourgeois who had bought Russian or Ottoman government bonds, who lived on the interest, and who, in the political life of France, formed a powerful conservative constituency opposed to any policy that might endanger the security of his income. The Bolshevik annulment of the Russian debt in February 1918 was therefore not only a financial event but a political one: it struck at the material foundation of the French rentier class, and it explained, in large part, the bitter hostility of the French bourgeoisie to the Soviet state in the years that followed.

Germany — Aggressive Latecomer

The German form of imperialism was characterized by the aggressiveness of the latecomer. Germany, unified only in 1871, had industrialized with extraordinary speed: by 1914, Germany produced more steel than Britain, France, and Russia combined; German chemical and electrical engineering dominated the world market; the German merchant

marine was the second largest in the world; the German army was the most powerful in Europe. The German monopoly unions — the steel trust of the Vereinigte Stahlwerke, the chemical trust of I.G. Farben, the electrical engineering trusts of Siemens and A.E.G., the great armaments firms of Krupp and Thyssen — were the most highly developed in Europe. The German great banks — the Deutsche Bank, the Disconto-Gesellschaft, the Dresdner Bank — were the most thoroughly fused with industry; the German form of finance capital was, in the pre-1914 period, the purest expression of the phenomenon that Hilferding had analyzed.

But Germany, having industrialized late, had arrived too late on the colonial scene. The German colonial empire, acquired in the 1880s, was scattered and of relatively small economic value: German East Africa (Tanganyika), German South-West Africa (Namibia), Togoland, the Cameroons, Kiaochow, the Bismarck Archipelago, and a string of Pacific islands. The total area was substantial, but the population, the resources, and the strategic position were inferior to those of the British and French empires. The German demand for a place in the sun (“a place in the sun” was the phrase of the Kaiser) was the demand for the re-division of the world: the re-division of Africa, of the Middle East, of the Far East, of the Pacific, of Latin America — in short, for the redistribution of the colonial possessions of Britain and France in favor of Germany. This was the source of German bellicosity in the years before 1914, of the German challenge to British naval supremacy (the naval arms race initiated by Admiral Tirpitz in 1898), and of the German decision for war in 1914.

The United States — From Overseas Expansion to Hegemony

The American form of imperialism was characterized by the transition, in a single generation, from continental expansion to overseas empire, and then to world hegemony. The continental expansion of the United States, which had begun with the Louisiana Purchase (1803) and had ended with the closing of the frontier in the 1890s, had created a vast national market, a vast agricultural base, and a vast industrial economy. By 1890, the United States was already the world's leading industrial power, surpassing Britain in iron, steel, coal, and railroad mileage. The decisive transition from colonial free-capitalism to imperialism came by 1898, with the Spanish-American War: the seizure of Cuba, Puerto Rico, the Philippines, and Guam, and the annexation of Hawaii. The Open Door Notes of 1899, addressed to the European powers with spheres of influence in China, proclaimed the demand of American capital for equal access to the colonial markets of the other imperialist powers.

The American form of imperialism was, from the beginning, distinguished by the predominant role of the great trusts and the relatively subordinate role of the colonial empire. The Standard Oil Trust (reorganized in 1911 by court order into Standard Oil of New Jersey, Standard Oil of New York, and the other “daughter” companies), the United States Steel

Corporation, the American Tobacco Company, the International Harvester Company, the great railroad systems, and the great banks (J. P. Morgan, Kuhn Loeb, the National City Bank) were the dominant forces of American imperialism. The colonial empire (the Philippines, Puerto Rico, Hawaii, the Caribbean protectorates) was relatively small and was subordinated to the requirements of the great trusts. The distinctive form of American domination was the dollar diplomacy — the use of American financial power, through loans, investments, and the manipulation of exchange rates, to subordinate the dependent countries without the costs and risks of direct political rule.

“The United States, having consolidated its vast internal market and having developed the most powerful industry in the world, has entered the imperialist stage. Its form of imperialism is distinguished from the European by the relative predominance of economic over political-military means of domination. The American imperialists prefer the dollar to the soldier, the loan to the annexation, the puppet government to the colony. But this does not make their imperialism less aggressive; it makes it more efficient. The dollar diplomacy of the United States, by combining financial subordination with nominal political independence, achieves the substance of colonial rule without the forms.”

— Lenin, *Notebooks on Imperialism (1915–1916)*, notes on American imperialism

Japan — Militarist Feudal-Imperialist

The Japanese form of imperialism was characterized by the survival of feudal forms and by the predominance of militarism. The Meiji Restoration of 1868 had overthrown the Tokugawa shogunate and had launched Japan on a program of forced industrialization under the slogan “rich country, strong army.” The state, led by the oligarchy of the former samurai class, had built the railways, the telegraphs, the arsenals, the shipyards, and the great state factories; it had then sold many of these to private capitalists (the zaibatsu) at favorable prices, creating the great family monopolies (Mitsui, Mitsubishi, Sumitomo, Yasuda) that dominated the Japanese economy. The Japanese form of finance capital was thus distinguished by the close fusion of the great family monopolies with the state and with the imperial household, and by the survival of semi-feudal relations in the countryside (the tenancy system, in which the majority of Japanese peasants worked as tenants of great landlords).

The Japanese colonial empire, acquired in two wars, was the smallest of the great imperialist empires but was of considerable strategic importance. The Sino-Japanese War of 1894–95 had secured the cession of Taiwan and (briefly) the Liaotung Peninsula; the Russo-Japanese War of 1904–05 had secured the cession of the Kurile Islands, southern Sakhalin, and the Liaotung Peninsula (with Port Arthur), and the recognition of Japan's special interests in Korea (annexed in 1910). The Japanese demand for further expansion — the

“Greater East Asia Co-Prosperity Sphere” of the 1930s and 1940s — was the demand for the re-division of Asia: the seizure of China, of Indo-China, of the Dutch East Indies, of Malaya, of Burma, of the Philippines. The Japanese form of imperialism was the most militarized of the great imperialist powers; the army, the navy, and the general staffs played a dominant role in the political life of the country; and the suppression of the working-class and peasant movement was carried out with exceptional brutality.

Tsarist Russia — Semi-Colony and Imperialist

Tsarist Russia presents the paradoxical case of a country that was at once an imperialist power and a semi-colony of foreign capital. The Russian industrial revolution, launched in the 1890s by the great railway-building program of the Minister of Finance Sergei Witte, had created a substantial heavy industry (iron, steel, coal, oil, railways) in the Donbas, the Urals, and Baku; it had created a concentrated industrial proletariat in St. Petersburg, Moscow, and Ivanovo-Voznesensk; and it had created a domestic market for the products of Russian industry. But the Russian industrial revolution had been financed, in large part, by foreign capital: French capital had financed the railways (including the Trans-Siberian), British capital had financed the oil industry of Baku, German capital had financed the electrical engineering and chemical industries, Belgian capital had financed the iron and steel of the Donbas. The Tsarist government was the largest single borrower on the international capital market; by 1914, the foreign debt of Russia (government and municipal) exceeded 8 billion rubles, and the foreign holdings in Russian industry exceeded 2 billion rubles.

Russia, however, was at the same time an imperialist power. The Tsarist empire extended over the Caucasus, Central Asia, Siberia, and the Far East; it included the oppressed nations of Poland, Finland, the Baltic provinces, the Ukraine, Georgia, Armenia, and Azerbaijan. Russian capital had penetrated into Persia (the Russian sphere of influence in northern Persia, established by the Anglo-Russian Convention of 1907), into Manchuria (the Russian-owned Chinese Eastern Railway and the Russian lease of Port Arthur, both lost to Japan in 1905), and into the Balkans (the Pan-Slavist policy of support for Serbia and Bulgaria). The Russian form of imperialism was thus distinguished by the combination of a semi-colonial dependence on French and British capital with the colonial domination of the non-Russian peoples of the Tsarist empire and with the imperialist penetration of Persia, Manchuria, and the Balkans. This combination of oppressor and oppressed — Russia at once oppressor of Poland and Finland and oppressed by French and British capital — was the structural feature that made Russia, in 1917, the weakest link of the imperialist chain.

Comparisons and Lessons

The comparative survey yields several general conclusions. First, the development of imperialism is uneven: each imperialist country enters the imperialist stage at a different

time, with a different level of industrial development, with a different colonial empire, and with a different form of finance capital. Britain, the pioneer, develops the colonial empire and the rentier economy; France, the rentier, develops the loan economy and the rentier class; Germany, the latecomer, develops the most advanced monopoly unions and the most aggressive demand for re-division; the United States, the rising power, develops the most advanced industrial trusts and the dollar diplomacy; Japan, the feudal-imperialist, develops the great family monopolies and the militarist state; Russia, the semi-colony, develops the paradoxical combination of imperialist domination and foreign dependence.

Second, the form of imperialism is determined, in the last analysis, by the level of development of the productive forces and by the class structure. The advanced industrial countries (Britain, Germany, the United States) develop the monopoly unions and the export of capital; the rentier countries (France) develop the loan economy; the backward countries (Russia, Japan) develop the combination of foreign dependence and militarist expansion. The class structure determines, in turn, the political form of imperialism: the British form is dominated by the financial oligarchy of the City; the French form by the rentier class; the German form by the heavy-industry monopolists and the great banks; the American form by the great trusts; the Japanese form by the zaibatsu and the military; the Russian form by the Tsarist autocracy and the foreign bondholders.

Third, the uneven development of the imperialist countries is the source of inter-imperialist rivalry and of the imperialist wars of re-division. The relative strengths of the imperialist powers change continuously; the territorial division of the world, established at one moment, becomes inadequate at the next; the struggle for re-division becomes inevitable. The First World War was the result of the German challenge to the British and French colonial empires; the Second World War was the result of the renewed German challenge and of the Japanese challenge to the British, French, Dutch, and American empires in Asia. Each war weakened the imperialist system as a whole, opened revolutionary possibilities in the weakest links of the chain, and accelerated the development of the national liberation movements in the colonies. The following chapter takes up the analysis of the colonial and semi-colonial world, the source of the super-profits on which the parasitism of the imperialist bourgeoisie and their willing funkeys depend.

9. The Colonial and Semi-Colonial World

The imperialist world system is structured around the exploitation of the colonial and semi-colonial periphery by the imperialist center. The handful of imperialist powers, with their monopolies, their finance capital, their capital exports, and their colonial empires, extract from the vast majority of humanity — the populations of Africa, Asia, Latin America, and the dependent islands — an enormous tribute in the form of interest, dividends, royalties,

super-profits, and unequal exchange. The material basis of the parasitism of the imperialist bourgeoisie, of the labor aristocracy of the oppressor nations, and of the rentier income of the imperialist countries, lies in this extraction. The Shanghai textbook is explicit: “The international monopoly alliance carved up the world. ... Imperialism is parasitic or decaying capitalism. ... The monopoly capitalist class of the imperialist countries not only exploits the proletariat of their own countries, but also exploits the proletariat and the laboring masses of the colonies and dependent countries, extracting super-profits from them.” (Fundamentals of Political Economy, 1974, Chapter 9). An analysis of imperialism that does not grasp the specific mechanism of colonial and semi-colonial exploitation remains abstract; an analysis that does grasp it is the necessary preparation for the strategy of the world proletarian revolution.

A General Class Analysis of Imperialism

The Marxist-Leninist analysis of imperialism must, like Mao Tse-tung's analysis of the classes in Chinese society (1926), begin with the question: who are our enemies, who are our friends? Mao wrote: “To distinguish real friends from real enemies, we must make a general analysis of the economic status of the various classes in [our] society and of their respective attitudes towards the revolution. ... A revolutionary party is the guide of the masses, and no revolution ever succeeds when the revolutionary party leads them astray.” The imperialist world system is not a homogeneous field of “workers and capitalists”; it is a structured totality of classes and nations, oppressor and oppressed, exploiter and exploited, whose positions are determined by their relation to the means of production, to the world market, and to the imperialist state. The failure to conduct this class analysis — the substitution of an abstract “working class” for the concrete classes of the imperialist epoch — is the principal theoretical error of the social-democratic and Trotskyite traditions, and is the foundation of their consistent failure to grasp the strategic orientation of the world proletarian revolution.

Following Mao's methodology, applied to the imperialist world system, we may identify the following classes. The first is the imperialist bourgeoisie — the monopoly bourgeoisie of the great powers, organized in the great monopolies, the great banks, the great armaments contractors, and the great multinational corporations. This class is the principal enemy of the world proletarian revolution. The second is the comprador-bureaucrat bourgeoisie of the colonial and semi-colonial countries — the local agents of the imperialist bourgeoisie, whose income is derived from the foreign trade, the foreign investment, and the foreign loans of the imperialist monopolies. The Shanghai textbook defines this class with precision: “The bureaucratic bourgeoisie depended on imperialism. Along with the landlords, its members represented the most backward and most reactionary production relations.” The third is the landlord class of the colonial and semi-colonial countries, which

survives in many parts of Asia, Africa, and Latin America as a feudal or semi-feudal class, allied with imperialism against the peasantry and the proletariat. The fourth is the labor aristocracy of the imperialist countries — the upper stratum of the oppressor-nation working class, bribed by super-profits, leading the trade unions and the labor parties, and acting as the social base of imperialism within the working-class movement. The fifth is the broader settler-colonial working class of the oppressor nations (the Euro-American, the European Israeli, the settler populations of the former Rhodesia and South Africa, the pied-noir of Algeria), whose material privileges depend on the continued super-exploitation of the oppressed nations and whose political orientation is, in its decisive strata, reactionary. These five classes constitute the enemies of the world proletarian revolution.

“To sum up, it can be seen that our enemies are all those in league with imperialism — the warlords, the bureaucrats, the comprador class, the big landlord class and the reactionary section of the intelligentsia attached to them. The leading force in our revolution is the industrial proletariat. Our closest friends are the entire semi-proletariat and petty bourgeoisie. As for the vacillating middle bourgeoisie, their right-wing may become our enemy and their left-wing may become our friend but we must be constantly on our guard and not let them create confusion within our ranks.”

— Mao Tse-tung, *Analysis of the Classes in Chinese Society* (March 1926)

Mao's analysis, applied to the imperialist world system, identifies the following forces of the revolution. The leading force is the proletariat of the imperialist countries, organized in its Communist Party — not the broader labor aristocracy or the settler-colonial working class, which is the enemy, but the genuine proletariat: the unskilled and semi-skilled workers, the oppressed-nation workers within the imperialist countries (the New Afrikan, the Mexicano, the Indian, the Asian worker within the U.S. Empire), the women workers, the immigrant workers, the unemployed, the imprisoned. The closest allies are the proletariat and the peasantry of the colonial and semi-colonial countries, organized in their Communist parties and national liberation fronts. The middle forces, which may be won over or may go over to the enemy depending on the conjuncture, include the national bourgeoisie of the colonial and semi-colonial countries (which has its own interest in the development of an independent national industry and can be allied with in the national-democratic stage of the revolution), the petty bourgeoisie of the imperialist countries (which is being squeezed by the monopolies and which can, in periods of acute crisis, be won to the revolution), and the broader non-monopoly bourgeoisie of the imperialist countries. The strategic orientation that flows from this analysis is the worker-peasant alliance of the imperialist and colonial countries, the alliance between the proletariat of the imperialist countries and the national liberation movements of the oppressed nations, and the broad united front against the principal enemy: the imperialist bourgeoisie and its social base.

Super-Profits and Their Source: The Extraction of the Surplus Product

The concept of super-profit is central to the Marxist-Leninist analysis of colonial exploitation. The Soviet textbook defines the surplus product with precision: “The surplus product is the surplus of labour and product over and above the necessary product; the necessary product is the part of the aggregate social product that is required for the maintenance and reproduction of the labour-power of the direct producers.” Under capitalism, the surplus product takes the form of surplus-value, appropriated by the capitalist class. Under imperialism, the surplus-value extracted from the colonial and semi-colonial workers takes the form of super-profits — profits exceeding the average rate of profit obtainable in the imperialist countries — because the colonial worker is paid not at the value of his labor-power (which would include the cost of reproduction at a civilized standard of living) but at a fraction of that value.

The mechanism of super-profit extraction has been analyzed in the Soviet textbook and in Lenin's *Imperialism: the colonial worker is paid a wage below the value of his labor-power; the colonial peasant is compelled, by taxation, by debt, and by the destruction of his traditional crafts, to sell his raw materials and his food at prices far below their value; the difference between the value of the colonial labor and raw materials and the price paid for them is the source of the super-profit. The extraction of this super-profit is the economic foundation of the imperialist system; without it, the parasitism of the imperialist bourgeoisie, the labor aristocracy of the oppressor nations, and the entire settler-colonial order would collapse. This is why any serious revolutionary strategy in the imperialist countries must begin from the recognition that the principal contradiction of the imperialist epoch is the contradiction between the imperialist oppressor nations and the oppressed nations — not the contradiction between capital and labor within the oppressor nations, which has been transformed, by the labor aristocracy, into a contradiction between the bribed and the un-bribed.*

“The more that is done to develop capitalist production, the more strongly it becomes necessary for the capitalist to dispose of the product, the more crushing becomes the influence of the world market, and the more antagonistic become the interests of the competing capitalists. The concentration and centralisation of capital bring in their train the concentration and centralisation of the working class, and thereby prepare the conditions for the socialist revolution.”

— V. I. Lenin, *Imperialism, the Highest Stage of Capitalism, Chapter X (1916), on the place of imperialism in history*

Productive and Unproductive Labor: The Scientific Distinction

The distinction between productive and unproductive labor, established by Marx in *Theories of Surplus Value* (Chapter IV) and applied throughout *Capital*, Volume II, is the scientific foundation of the analysis of the parasitism of the imperialist nations (we have examined this distinction in detail in Chapter 6). Productive labor, in the capitalist mode of production, is wage-labor that is exchanged with capital (not with revenue) and that produces surplus-value. Unproductive labor is labor that is exchanged with revenue, that produces no surplus-value, and that is consumed as revenue rather than transformed into capital. The toilers who work with their hands — the industrial workers, the miners, the agricultural workers, the construction workers, the transport workers — are the real producers. The flunkies, the clerks, the officials, the policemen, the soldiers, the advertisers, the speculators, the real-estate agents, the consultants, the advisers, the managers, the administrators, the bureaucrats — all are unproductive, all are deductions from the aggregate social product, all are maintained, in the last analysis, by the surplus-value produced by the productive workers.

“An actor, for example, or even a clown, according to this definition, is a productive labourer if he works in the service of a capitalist (an entrepreneur) to whom he returns more labour than he receives from him in the form of wages; while a jobbing tailor who comes to the capitalist’s house and patches his trousers for him, producing a mere use-value for him, is an unproductive labourer. The former’s labour is exchanged with capital, the latter’s with revenue. The former’s labour produces a surplus-value; in the latter’s, revenue is consumed.”

— Karl Marx, *Theories of Surplus Value*, Chapter IV (1861–1863), on the social form of productive and unproductive labour

The Reduction of Productive Labor in the Imperialist Nations

The Soviet textbook provides the quantitative index of the parasitism of the imperialist nations: the proportion of the able-bodied population engaged in branches of material production. In the United States, this proportion was 43.9 percent in 1910, 41.5 percent in 1920, 35.5 percent in 1930, and about 34 percent in 1940. The textbook continues: “As capitalism develops, the State apparatus becomes more and more inflated; the number of persons in attendance upon the bourgeoisie grows, and while the portion of the population engaged in the sphere of material production is reduced, the proportion of persons engaged in circulation increases.” The tendency has continued in the postwar period. By 2020, the United States had approximately 12 to 13 million workers employed in manufacturing (down from approximately 19 million in 1980 and approximately 20 million in 1979), out of a total employed labor force of some 150 million — less than 9 percent of the employed labor force in manufacturing, and a still smaller fraction in productive labor proper (mining, agriculture, construction, transport). The great majority of the U.S. employed labor force is engaged in unproductive labor: retail trade (about 15 million), health care (about 20 million, the great

majority in administrative and parasitic functions), professional and business services (about 22 million, including the vast legal, accounting, consulting, and advertising apparatuses of monopoly capital), financial activities (about 9 million), government (about 22 million, including the military, the police, the prisons, and the vast administrative apparatuses of the imperialist state), leisure and hospitality (about 17 million).

The retail workers of the imperialist nations deserve particular emphasis, because their structural position reveals, with special clarity, the parasitic character of the imperialist economy. The 15 million retail workers of the United States do not produce surplus-value; they realize it. They stand at the end of the circuit of capital ($M - C \dots P \dots C' - M'$), not at the beginning or in the middle; they are the agents of the conversion of the commodity (C') back into money (M'). Their wages are deducted from the surplus-value produced by the productive workers of the oppressed nations. Marx's analysis in *Capital*, Volume II, applies to them with full force: they perform a necessary function (the realization of capital), but they produce no value, no surplus-value, no product. They belong to the *faux frais* of production. The same is true of the financial-sector workers, the real-estate workers, the insurance workers, the advertising workers, the legal workers, and the great mass of state employees. The point is not that these workers are not exploited (they are, in the sense that their wages are below the value of what they produce, even if what they produce is not surplus-value); the point is that their exploitation is structurally secondary to the super-exploitation of the oppressed nations, and that their material position depends, in the last analysis, on the continued extraction of super-profits from the oppressed nations.

The Scientific Distinction: The Imperialist Labor Aristocrat and the Oppressed-Nation Retail Worker

It is essential, however, to make a scientific distinction — a distinction that the imperialist chauvinists of the “left” systematically obliterate. The retail and service workers of the oppressed and exploited nations are not, in their class position, identical to the retail and service workers of the imperialist nations. The retail worker of the imperialist nation (the cashier at a Walmart in Ohio, the sales agent at a real-estate office in Florida, the bank teller in New York) is paid a wage that, however low it may seem by imperialist-country standards, is sustained by the super-profits extracted from the oppressed nations; his standard of living, his access to consumer goods, his social insurance, his political rights, his position in the world — all are those of a labor aristocrat, even at the bottom of the imperialist-country wage scale. The retail worker of the oppressed nation (the cashier at a textile factory outlet in Dhaka, the street vendor in Lagos, the market porter in Mumbai, the domestic worker in Manila) is paid a wage that is a fraction of the value of his labor-power; he has no social insurance, no political rights, no access to consumer goods beyond the barest minimum; he

is super-exploited by the imperialist monopolies and by the comprador bourgeoisie of his own country.

The scientific distinction is this: the retail worker of the imperialist nation, however unproductive his labor may be in the strict Marxist sense, is a participant in the parasitic apparatus of imperialism; he is maintained, in the last analysis, by the surplus-value extracted from the oppressed nations, and his political consciousness — even when he is dissatisfied with his wages, even when he strikes against his employer — is the consciousness of a bribe-receiver, of a participant in the imperialist system. The retail worker of the oppressed nation, by contrast, is a member of the proletariat of the oppressed nations; his unproductive labor (in the strict Marxist sense) does not alter the fact that he is super-exploited, that he has no stake in the imperialist system, and that his interests are aligned with the national liberation movement and the proletarian revolution. To treat the two as identical — to organize them in the same trade unions, to address them in the same political language, to demand of them the same sacrifices — is to reproduce the imperialist chauvinism that conceals the structural division of the world into oppressor and oppressed nations. The masses of retail and service workers of the oppressed and exploited nations are cruelly exploited, and they are in no way like the imperialist labor aristocrats; the masses of retail and service workers of the imperialist nations, however unproductive their labor and however low their wages, are participants in the parasitic apparatus of imperialism, and must be combatted as such.

The Distortion of the Colonial Economy

The mechanism of super-profit extraction requires the systematic distortion of the colonial economy. The colony is forced to specialize in the production of one or two raw materials for export to the metropolitan market, and to import from the metropolis the manufactured goods that it needs. India, the classical example, was forced by British rule to specialize in the production of cotton, jute, tea, and indigo, and to import from Britain the cotton textiles that had been produced in India itself before the British conquest. The destruction of the Indian textile industry, which had been one of the most advanced in the world in the eighteenth century, was the necessary condition of the rise of the British cotton industry. The same pattern was repeated in every colony: Egypt in long-staple cotton; the Congo in rubber and copper; Brazil in sugar, gold, coffee, rubber; Cuba in sugar; the West Indies in sugar and bananas; Ghana in cocoa; Malaya in rubber and tin; Ceylon in tea; the East Indies in spices, sugar, rubber, oil.

Famine as Mode of Rule

The exploitation of the colonial and dependent countries was carried out not only through the market and the credit system but through the deliberate use of famine as an instrument of rule. The great famines of the late nineteenth century — the Madras famine of

1876–1878, the North China famine of 1876–1879, the Indian famine of 1896–1897, the Indian famine of 1899–1900 — were not natural disasters but the consequences of the imposition of the imperialist market on previously self-sufficient agricultural economies. The peasants, forced to grow cash crops for export, were no longer able to grow the food necessary for their own subsistence; when the export market collapsed, or when the monsoon failed, the peasants starved. The Madras famine of 1876–1878 killed an estimated 5 million people in southern India. The Bengal famine of 1943 killed an estimated 2 to 3 million people as the result of the wartime priorities of the British government, which had preferentially diverted grain to the army and had refused to interfere with the speculative grain market. The use of famine as a mode of rule was a structural feature of the imperialist system, not an accidental cruelty.

From Colonialism to Neo-Colonialism

The formal decolonization of Asia and Africa, completed in the period 1947–1974, did not abolish the imperialist exploitation of the former colonies. It transformed its form, as Nkrumah analyzed in *Neo-Colonialism: The Last Stage of Imperialism* (1965). The mechanisms of neo-colonialism — the International Monetary Fund, the World Bank, the World Trade Organization, the multinational corporations, the military bases, the coups and destabilizations, the debt — have been examined in Chapter 9 above and need not be repeated here. What must be emphasized is the deepening of neo-colonialism in the post-1991 period: the dismantling of the developmental state, the financialization of the third-world debt, the imposition of structural adjustment programs that have dismantled the public sector, the social insurance system, and the public health system of the dependent countries, and the conversion of the third world into a vast reserve of cheap labor for the imperialist monopolies.

The Comprador Bourgeoisie

The imperialist domination of the colonial and semi-colonial countries requires, for its maintenance, the cooperation of a domestic class that acts as the local agent of the foreign imperialists. This class is the comprador bourgeoisie. Mao Tse-tung, in *Analysis of the Classes in Chinese Society* (1926), defined this class with precision: “In economically backward and semi-colonial China the landlord class and the comprador class are wholly appendages of the international bourgeoisie, depending upon imperialism for their survival and growth. These classes represent the most backward and most reactionary relations of production in China and hinder the development of her productive forces. Their existence is utterly incompatible with the aims of the Chinese revolution. The big landlord and big comprador classes in particular always side with imperialism and constitute an extreme counter-revolutionary group.” The Shanghai textbook develops the same analysis: the

comprador-bureaucrat bourgeoisie depends on imperialism, represents the most backward and most reactionary production relations, and is the principal internal enemy of the national liberation movement. The distinction between the national bourgeoisie (which has its own interest in the development of an independent national industry and can be allied with in the national-democratic stage of the revolution) and the comprador bourgeoisie (which is a counter-revolutionary class that must be expropriated) is the strategic foundation of the united front in the colonial and semi-colonial countries.

The exploitation of the colonial and semi-colonial world is thus the structural foundation of the imperialist system. The super-profits extracted from the colonies and the dependent countries finance the parasitism of the imperialist bourgeoisie, the labor aristocracy of the oppressor nations, and the entire settler-colonial order. The distortion of the colonial economy, the use of famine as a mode of rule, the imposition of debt peonage, the reduction of the great Asian empires to semi-colonial status, the transformation of colonialism into neo-colonialism after formal decolonization, and the cultivation of the comprador bourgeoisie as the local agent of imperialist rule — these are the mechanisms through which the imperialist system maintains itself. The following chapters take up the contradictions that doom this system: the inter-imperialist rivalries and the world wars (Chapter 10), and the resistance of the colonial and semi-colonial peoples, in alliance with the proletariat of the imperialist countries and with the socialist states, in the world proletarian revolution (Chapter 11).

10. Inter-Imperialist Rivalry and the World Wars

The law of uneven development is the fundamental law of the imperialist epoch. The imperialist countries develop at unequal rates; the relative strengths of the great powers change continuously; the territorial division of the world, established at one moment, becomes inadequate at the next; the struggle for re-division becomes inevitable; and the struggle for re-division, given the military character of monopoly capitalism, takes the form of imperialist war. The Soviet textbook *Political Economy* (1957) defines the imperialist stage with precision: “Monopoly capitalism, or imperialism, is the highest and last stage of capitalism, with the replacement of free competition by the dominance of monopolies as its fundamental distinguishing feature.” The Shanghai textbook *Fundamentals of Political Economy* (1974) extends the analysis to the social-imperialist form: “In the process of imperialism's gradual extinction, there emerged, in the mid-twentieth century, Soviet social imperialism. ... Social imperialism is imperialism with a ‘socialist’ label.” The era of imperialism is therefore the era of imperialist wars — wars between imperialist coalitions for the re-division of the world — and also the era in which a state that calls itself socialist

may, after a revisionist degeneration, become itself an imperialist power and engage in inter-imperialist rivalry under the banner of “socialism.”

The Law of Uneven Development

The law of uneven development, as Lenin formulated it, has two aspects. First, the development of the capitalist countries is uneven in time: periods of rapid growth alternate with periods of stagnation and crisis. Second, the development of the capitalist countries is uneven in space: some countries develop faster than others, the relative positions of the great powers change continuously, the latecomers overtake the pioneers, the pioneers decline. The combined effect of these two forms of unevenness is that the territorial division of the world, established at one moment, becomes inadequate at the next, and that the struggle for re-division becomes the principal form of inter-imperialist conflict. The classical case is the rise of Germany: in 1870, Germany was a newly unified country, industrially backward compared to Britain and France; by 1913, Germany produced more steel than Britain, France, and Russia combined. The German demand for the re-division of the world was the necessary consequence of the law of uneven development, and the First World War was the result.

The First Imperialist War, 1914–1918

The First World War was, in its economic and political content, a war between two imperialist coalitions for the re-division of the world. The Entente (Britain, France, Russia, and after 1917 the United States and Italy) sought to preserve the existing division of the world. The Central Powers (Germany, Austria-Hungary, and after 1914 the Ottoman Empire) sought to overturn the existing division and to seize the colonies and spheres of influence of their opponents. The war was, in Lenin's analysis, a war of imperialist aggression on both sides. The task of the international working class was not to support one imperialist coalition against the other, but to transform the imperialist war into a civil war for the overthrow of capitalism.

“The war of 1914–1918 is, on both sides, an imperialist war, that is, a war for the division of the world, for the re-division of the colonies and spheres of influence of finance capital. The bourgeoisie of all the belligerent powers is fighting for the seizure of foreign territory, for the plunder of other nations, for the strangulation of small and weak peoples. In such a war, the working class cannot support either side; the working class must use the crisis created by the war to overthrow the bourgeoisie of its own country, to transform the imperialist war into a civil war for socialism.”

— V. I. Lenin, *War and Revolution: A Lecture Delivered on May 14, 1917*

The betrayal of the Second International in August 1914 — the vote of the German, French, British, and Austrian social-democratic parties for the war credits of their respective bourgeoisies — was the political form taken by the labor aristocracy's defection to the imperialist camp. The Second International had been, in its origins, a Marxist organization. But its leadership had passed, in the two decades before 1914, into the hands of the labor aristocracy and the trade-union bureaucracy. The catastrophe of August 1914 was not an accident; it was the structural consequence of the labor aristocracy's integration into the imperialist system. The same structural mechanism — the bribery of the upper stratum of the working class by super-profits — was to produce, in the Cold War period, a repetition of the same betrayal, this time within the Communist movement itself, in the form of the Khrushchevite revisionism that destroyed the Soviet Union from within.

The Second Imperialist War, 1939–1945

The Second World War was, in its economic and political content, a second war for the re-division of the world. The Axis (Germany, Italy, Japan) sought to overturn the Versailles order, to seize the colonial empires of Britain and France, to subjugate the Soviet Union, and to establish the German domination of Europe and the Japanese domination of Asia. The Allies (Britain, France, the Soviet Union, the United States, China) sought, in different ways and for different reasons, to defend the existing order — though the Soviet Union, having joined the Allies after the German invasion of June 1941, fought not for the preservation of the Versailles order but for its own survival and for the destruction of fascism. The war was therefore, in its first phase (September 1939 to June 1941), an inter-imperialist war between two coalitions of capitalist powers; in its second phase (June 1941 to September 1945), it became a war of the anti-fascist coalition, including the socialist Soviet Union, against the fascist Axis. The consequences of the Second World War were even more far-reaching than those of the First. The war killed some 25 million soldiers and 50 million civilians. It destroyed the German, Italian, Japanese, and French empires; it established the Soviet Union as the second great power of the world; it raised the United States to a position of unprecedented economic and military supremacy; it unleashed the national liberation movements of Asia and Africa; and it created the conditions for the long postwar boom of the capitalist world economy (1945–1971).

U.S. Hegemony and the Postwar Order

The postwar period was characterized by the hegemony of the United States within the imperialist camp and by the cold war between the imperialist camp and the socialist camp. The United States, having emerged from the war with its industrial plant intact, with the world's largest merchant marine and the world's most powerful navy and air force, with the atomic monopoly (until 1949), and with the dollar established as the world's reserve

currency, was in a position to organize the imperialist camp under its leadership. The Marshall Plan (1948) rebuilt the Western European economies under American direction; NATO (1949) organized the Western European military forces under American command; the U.S.-Japan Security Treaty (1951) organized the Japanese military forces under American strategic direction. The Bretton Woods agreements (1944) established the dollar-gold standard, the International Monetary Fund, and the World Bank — the institutional apparatus of American financial hegemony.

The Khrushchevite Revisionist Coup and the Transformation of the Soviet Union into a Social-Imperialist Power

The death of Joseph Stalin on March 5, 1953, opened a struggle within the Communist Party of the Soviet Union that culminated, at the 20th Congress of the CPSU in February 1956, in the Khrushchevite revisionist coup. The Shanghai textbook provides the definitive Marxist-Leninist analysis of this transformation: “Under the leadership of Lenin and Stalin, Russia was once a great socialist country. But after Stalin passed away, the renegade clique of Khrushchev and Brezhnev launched a counter-revolutionary coup, seized Party and government power, restored capitalism in a big way, and transformed the Soviet Union into a social imperialist country. ... Social imperialism is imperialism with a ‘socialist’ label. The fact that it emerged in the Soviet Union, Lenin's homeland and once a great socialist country, makes it more deceptive and dangerous. It is a very vicious imperialism indeed.” (Fundamentals of Political Economy, 1974, Chapter 11).

The Shanghai textbook identifies the class essence of the social-imperialist regime with precision: “After the renegade clique usurped Party and government power in the Soviet Union, the Russian bourgeois privileged stratum greatly expanded its own political and economic power, assuming a dominant position in the Party, government, military, and economic and cultural spheres and forming a bureaucratic monopoly bourgeoisie which controls the whole state machinery and social wealth. This new bureaucratic monopoly bourgeoisie used the state power under its control to transform socialist ownership into ownership by those taking the capitalist road and to transform the socialist economy into a capitalist economy and a state monopoly capitalist economy. ... State monopoly capitalism is the main economic basis of social imperialism.” The class analysis is unambiguous: the Khrushchevite and Brezhnevite regimes were not “bureaucratically distorted” socialist regimes (as the Trotskyites pretend) but the dictatorship of a new bureaucratic monopoly bourgeoisie, the heir of the Second International, the social-fascist twin of the openly capitalist imperialism of the United States.

“During the First World War, Lenin denounced Kautsky, the head of the German Social Democratic Party at that time, as being a ‘social imperialist,’ that is, one who is nominally a socialist, but actually an imperialist. The renegade clique of

Brezhnev, like Kautsky, is also social imperialist. The only difference is that it not only peddles revisionism, but also defends imperialism. What is more, it controls state power, and has transformed a great country created by Lenin himself into a social imperialist country.”

— *Fundamentals of Political Economy (Shanghai, 1974), Chapter 11: ‘Soviet Revisionist Social Imperialism Joins the Ranks of World Imperialism’*

The Communist Party of China, under the leadership of Mao Tse-tung, identified the Khrushchevite revisionism at its earliest stage, and undertook, beginning in 1960 and continuing through the great polemic of 1963–1964 (the Nine Commentaries on the open letter of the CPSU), the systematic exposure of the revisionist line. The CPC's analysis was precise: Khrushchevism was not a mistaken tactic but a class phenomenon, the expression within the Communist Party of the same labor aristocracy and the same bureaucratic stratum that Lenin had analyzed in the imperialist countries. The CPSU under Khrushchev and his successors pursued, in the decades after 1956, a policy that can only be described as social-imperialist: the rhetoric of socialism, the substance of imperialism. The Soviet Union intervened militarily in Hungary (1956) to suppress the revolutionary workers' councils; it intervened in Czechoslovakia (1968) to suppress the Dubcek reform movement; it armed and financed the Indian aggression against China in the 1962 border war; it cooperated with the United States in the effort to deny China nuclear capability; it supported the Ethiopian Derg against the Eritrean liberation movement; it invaded Afghanistan in December 1979 in the most naked act of social-imperialist aggression since the Second World War. The Brezhnev doctrine of “limited sovereignty” within the socialist camp was the explicit theoretical formulation of social-imperialism.

The Sino-Soviet Split and the Anti-Revisionist Front

The Sino-Soviet split, which became public in 1960 and was formalized in the great polemic of 1963–1964, was the most important strategic event of the Cold War period. It was not, as the bourgeois historians and the Trotskyites pretend, a dispute between two rival national states; it was a class struggle within the international Communist movement, between the Marxist-Leninist line (represented by the Communist Party of China under Mao Tse-tung, and by the Party of Labour of Albania under Enver Hoxha) and the revisionist line (represented by the CPSU under Khrushchev and his successors). The CPSU, having abandoned the dictatorship of the proletariat, having preached “peaceful coexistence” with imperialism, having betrayed the national liberation movements, and having pursued the social-imperialist aggression listed above, had ceased to be a Communist party in any meaningful sense.

The Party of Labour of Albania, under the leadership of Enver Hoxha, broke with the Soviet Union after 1960 and with China after 1978. Hoxha's works — above all *Imperialism*

and the Revolution (1978) — provided the most thorough theoretical critique of Khrushchevite revisionism and of the Titoite and Eurocommunist variants. The Albanian position on the Soviet Union was correct: the CPSU under Khrushchev and his successors had carried out a counter-revolutionary coup and transformed the Soviet Union into a social-imperialist power. The Albanian position on China, however, was erroneous. The Resolution on Certain Questions in the History of Our Party since the Founding of the People’s Republic of China, adopted by the Sixth Plenary Session of the Eleventh Central Committee of the Communist Party of China on June 27, 1981, affirmed that “the exploiting classes as such have been eliminated” in China and that the principal contradiction facing Chinese society was no longer the contradiction between the proletariat and the bourgeoisie but the contradiction between the growing material and cultural needs of the people and the backward social production. The reforms initiated under the leadership of the Communist Party of China from 1978 onward were not a capitalist restoration but the development of the productive forces under the dictatorship of the proletariat, in accordance with the Marxist-Leninist principle that the productive forces must be developed as the material basis for the transition to communism. The achievements of socialist construction in China — the twelvefold increase in per-capita GDP, the rise in life expectancy from 67 to 79 years, the elimination of absolute poverty, the growth of real wages by 158 percent from 2008 to 2022 — are the empirical verification of the correctness of the Chinese line. Whatever one’s assessment of the Albanian position, the historical significance of Hoxha’s critique of Soviet social-imperialism is undeniable; it remains the most rigorous Marxist-Leninist analysis of the degeneration of the Soviet Union. The Hoxhaist characterization of post-1978 China as a “capitalist restoration,” however, is contradicted by the material facts of Chinese socialist construction and must be rejected.

“The modern revisionists are the representatives of the bourgeoisie within the working-class movement. They are the heirs of the revisionism of the Second International, the heirs of Bernstein, Kautsky, and the other renegades of Marxism. Like the opportunists of the Second International, they deny the dictatorship of the proletariat, they deny the class struggle, they deny the contradictions between imperialism and the oppressed nations, they deny the possibility of victorious revolution in the imperialist countries. They preach ‘peaceful coexistence,’ ‘peaceful transition,’ ‘peaceful competition,’ and a ‘world without weapons, without armed forces, and without wars.’ They have betrayed the international communist movement and the national liberation movements.”

— Communist Party of China, ‘A Proposal Concerning the General Line of the International Communist Movement’ (June 14, 1963)

The Cold War as Inter-Imperialist Rivalry

The Cold War (1947–1991) was, in the period after 1956, a struggle between two imperialist camps — the United States and its NATO allies on one side, the social-imperialist Soviet Union and its Warsaw Pact clients on the other — for the re-division of the world. The Maoist analysis, formulated by Mao in 1974 in his conversation with Kenneth Kaunda, identified the two superpowers as the principal enemies of the world's peoples, and the third world as the principal revolutionary force. The strategic orientation that flowed from this analysis was the united front of the third world, supported by the Marxist-Leninist parties of the second world, against the hegemony of the two superpowers. The U.S.-Soviet rivalry, while intense, was not the principal contradiction; the principal contradiction was the contradiction between the two superpowers and the oppressed nations.

The Cold War was therefore not, as the bourgeois historians pretend, a struggle between “capitalism” and “communism.” It was, in its decisive phase (after 1956), a struggle between two imperialist camps, one openly capitalist and the other social-imperialist, for the re-division of the world. The national liberation movements of Asia, Africa, and Latin America fought both superpowers; the Marxist-Leninist parties of the imperialist countries opposed both superpowers; and the socialist countries that remained genuinely socialist (China, Albania until 1991) supported the national liberation movements against both. The collapse of the Soviet Union in December 1991 was not the “victory of capitalism over communism”; it was the collapse of a social-imperialist power that had ceased to be socialist 35 years earlier, and the unmasking of a regime that had concealed its imperialist character behind the rhetoric of socialism. The collapse of the Soviet Union opened the period of unipolar U.S. hegemony that lasted from 1991 to approximately 2008, and that has since given way to the multipolar conjuncture examined in Chapter 12.

The Law of Uneven Development Continues

The law of uneven development did not cease to operate after 1945, and it did not cease to operate after 1991. The postwar boom, which lasted from 1945 to 1971, was characterized by the rapid reconstruction of the Western European and Japanese economies, the expansion of international trade, and the rise of the multinational corporations. The crisis of 1971–1973 (the suspension of dollar-gold convertibility, the oil price shock, the end of the postwar boom) marked the beginning of a new period of capitalist stagnation, of financialization, of debt expansion, and of renewed inter-imperialist rivalry. The rise of the German and Japanese economies, the relative decline of the American economy, the emergence of the European Community as an economic rival to the United States, and the rise of the East Asian economies transformed the structure of the imperialist camp.

“The development of capitalism proceeds extremely unevenly in the various countries. It cannot be otherwise under the system of commodity production. From this it follows irrefutably that socialism cannot achieve victory simultaneously in all

countries. It will achieve victory first in one or several countries, while the others will remain bourgeois or pre-bourgeois for some time. This must necessarily create a series of friction and conflicts between such countries, between the socialist countries and the bourgeois countries.”

— V. I. Lenin, *The Military Programme of the Proletarian Revolution* (September 1916)

The dissolution of the Soviet Union in 1991 did not resolve the contradictions of imperialism; it transformed them. The rise of the People's Republic of China, after the reforms of 1978, has been the most significant development of the post-1971 period. The contradictions between the United States and China — over trade, over technology, over the South China Sea, over Taiwan, over the international monetary system, over the governance of the international institutions — have become the principal contradiction between the imperialist camp and the socialist states. The era of imperialism is, therefore, the era of imperialist wars — wars for colonies, wars for spheres of influence, wars for markets, wars for sources of raw materials, wars for the re-division of the world. The First and Second World Wars were the great imperialist wars of the twentieth century; the cold war, the wars in Korea, Vietnam, Afghanistan, Iraq, Yugoslavia, Libya, Syria, and Ukraine have been the imperialist wars of the second half of the twentieth and the early twenty-first centuries. The following chapter takes up the other side of the contradiction: the resistance of the working class, of the oppressed nations, and of the socialist states, in the world proletarian revolution.

11. Resistance and Anti-Imperialist Struggle

The imperialist world system, founded on the exploitation of the working class of the imperialist countries, on the super-exploitation of the colonial and semi-colonial peoples, and on the contradictions between the imperialist powers (including the social-imperialist Soviet Union after 1956), generates its own negation in the form of the anti-imperialist struggle. This struggle takes many forms: the everyday resistance of the colonial worker and peasant to the conditions of their exploitation; the trade-union and political struggle of the genuine proletariat of the imperialist countries against the imperialist bourgeoisie and its labor-aristocratic agents; the national liberation movements of the oppressed nations against the colonial and neo-colonial powers; the struggle of the socialist states against the encirclement and aggression of the imperialist camp; and the revolutionary struggle for the seizure of power by the proletariat. The history of the twentieth and twenty-first centuries is the history of these struggles. It is also the history of the betrayal of these struggles by the modern revisionists, who have played within the Communist movement the same role that the social-democrats of the Second International played in the labor movement of 1914.

The October Revolution Breaks the Chain

The October Revolution of 1917 was the first great breach in the imperialist system. The Bolshevik Party, led by Lenin, having analyzed the imperialist war as a war of re-division, having organized the working class of Petrograd and Moscow against the war and against the Tsarist autocracy, and having carried out the socialist revolution in October (November, New Style) 1917, established the dictatorship of the proletariat in Russia. The Soviet state, having survived the civil war (1918–1921) and the foreign intervention (1918–1920), having repelled the Polish invasion of 1920, and having overcome the famine of 1921–1922, undertook the construction of socialism in one country. The construction of socialism in the Soviet Union, under the leadership of Lenin (1917–1924) and Stalin (1924–1953), was the second great strategic achievement of the international working class, after the October Revolution itself. The collectivization of agriculture (1929–1933), the five-year plans (beginning in 1928), the industrialization of the country, the defeat of the Nazi invasion (1941–1945), and the construction of the socialist camp in Eastern Europe after 1945 transformed the Soviet Union from a backward peasant country into the second industrial power of the world.

The October Revolution was, in Lenin's analysis, the first act of the world proletarian revolution. The October Revolution broke the imperialist chain at its weakest link — not at its strongest, as the dogmatists of the Second International had demanded. The defeat of the European revolutions of 1918–1919 (the Spartacist rising in Berlin, the Soviet republic in Hungary, the general strike in Britain) meant that the Soviet Union remained, for a generation, the only socialist state. The Khrushchevite betrayal of 1956 was thus, in its strategic consequences, an even greater catastrophe than the defeat of the European revolutions of 1918–1919: it destroyed from within the socialist state that had been the base of the international Communist movement for 35 years.

The Comintern, the Colonial Question, and the Struggle against Opportunism

The Communist International (Comintern), founded in Moscow in March 1919, was the organizational expression of the October Revolution. The Comintern, in the theses on the national and colonial question adopted at its Second Congress in July 1920 (drafted by Lenin and refined by the Indian revolutionary M. N. Roy), laid down the strategic orientation of the world proletarian revolution: the alliance between the proletariat of the imperialist countries and the national liberation movements of the oppressed nations, in the common struggle against imperialism. The theses distinguished sharply between the national movements of the oppressor nations (which are counter-revolutionary) and the national movements of the oppressed nations (which are revolutionary). The proletariat of the imperialist countries must support the national liberation movements of the oppressed nations, must demand the right of self-determination including the right of secession, and

must ally itself with the national bourgeoisie of the colonial and semi-colonial countries in the national-democratic stage of the revolution, while maintaining its own political independence and preparing the transition to the socialist stage.

The Comintern's strategic orientation was inseparable, from the beginning, from the struggle against opportunism in the working-class movement. Lenin's Preface to the French and German Editions of *Imperialism* (July 1920), written three months after the Second Congress, drew the explicit connection: the opportunism of the Second International, which had led to the betrayal of August 1914, was the political expression of the labor aristocracy, which was the social product of the super-profits of imperialism. The struggle against opportunism was therefore not a secondary or internal matter of the working-class movement; it was a strategic necessity, the prerequisite for the socialist revolution. Lenin wrote, in the same Preface: "This stratum of workers-turned-bourgeois, or the labour aristocracy, who are quite philistine in their mode of life, in the size of their earnings and in their entire outlook, is the principal prop of the Second International, and in our days, the principal social (not military) prop of the bourgeoisie. For they are the real agents of the bourgeoisie in the working-class movement, the labour lieutenants of the capitalist class, real vehicles of reformism and chauvinism. In the civil war between the proletariat and the bourgeoisie they inevitably, and in no small numbers, take the side of the bourgeoisie, the 'Versaillese' against the 'Communards.'" The Comintern's struggle against opportunism was the continuation, at the international level, of the Bolshevik struggle against Menshevism.

The Chinese Revolution and the Strategy of New Democracy

The Chinese Revolution was the second great breach in the imperialist system, and the most successful application of the Comintern's strategic orientation in the colonial and semi-colonial world. The Chinese Communist Party, led from 1935 by Mao Tse-tung, having analyzed the Chinese situation as that of a semi-colonial, semi-feudal country in which the principal contradiction was between imperialism and the Chinese nation, developed the strategy of the new-democratic revolution. Mao's class analysis, in *Analysis of the Classes in Chinese Society* (1926), identified the enemies (the landlord class and the comprador class, wholly appendages of the international bourgeoisie), the vacillating middle forces (the national bourgeoisie), the closest friends (the petty bourgeoisie and the semi-proletariat, comprising the great majority of the Chinese population), and the leading force (the industrial proletariat).

"The modern industrial proletariat numbers about two million. It is not large because China is economically backward. These two million industrial workers are mainly employed in five industries — railways, mining, maritime transport, textiles and shipbuilding — and a great number are enslaved in enterprises owned by

foreign capitalists. Though not very numerous, the industrial proletariat represents China's new productive forces, is the most progressive class in modern China and has become the leading force in the revolutionary movement. ... The first reason why the industrial workers hold this position is their concentration. No other section of the people is so concentrated. The second reason is their low economic status. They have been deprived of all means of production, have nothing left but their hands, have no hope of ever becoming rich and, moreover, are subjected to the most ruthless treatment by the imperialists, the warlords and the bourgeoisie. That is why they are particularly good fighters."

— Mao Tse-tung, *Analysis of the Classes in Chinese Society* (March 1926)

The Chinese Revolution, having survived the Kuomintang massacre of 1927, having carried out the Long March of 1934–1935, having fought the Japanese invasion of 1937–1945, having defeated the Kuomintang in the civil war of 1946–1949, and having proclaimed the People's Republic of China on October 1, 1949, was the second great socialist revolution of the twentieth century. The Chinese Revolution demonstrated that the strategy of the world proletarian revolution, as formulated by Lenin in 1920, was correct; that the alliance between the proletariat and the peasantry, under the leadership of the Communist Party, was the decisive force in the colonial and semi-colonial countries; and that the new-democratic revolution was the path to socialism for the oppressed nations of Asia, Africa, and Latin America. The Chinese Revolution also produced, in the years after 1956, the most rigorous critique of modern revisionism: the great polemic of 1963–1964, the Cultural Revolution of 1966–1976, and the systematic theoretical work of Mao and his comrades on the dictatorship of the proletariat, on the class struggle under socialism, and on the danger of capitalist restoration.

The Cultural Revolution and the Struggle against Capitalist Restoration

The Great Proletarian Cultural Revolution (1966–1976) was the most important strategic event of the post-1956 period, and the most thorough practical application of the Marxist-Leninist critique of revisionism. The Cultural Revolution was, in Mao's analysis, the response of the Chinese proletariat to the Khrushchevite betrayal in the Soviet Union: the recognition that the dictatorship of the proletariat could be overthrown, not by external military force, but by the internal degeneration of the Communist Party itself, by the rise within the party of a new bureaucratic bourgeoisie that would use the socialist forms to restore capitalist content. The Cultural Revolution was therefore not a power struggle within the leadership (as the bourgeois historians pretend) but a mass struggle, involving hundreds of millions of workers, peasants, and students, against the “capitalist roaders” within the party and the remnants of the old exploiter classes who were seeking to transform China

along the lines of the Soviet revisionist model. The Cultural Revolution—despite many mistakes and excesses—was a profound success.

National Liberation Wars and the Soviet Betrayal

The period 1945–1975 was the great period of the national liberation wars. The imperialist powers, exhausted by the Second World War, faced the rising of the colonial peoples in Asia, Africa, and the Middle East. The British withdrawal from India (1947), from Burma (1948), from Malaya (1957), and from the African colonies (1957–1964); the French defeat in Indo-China (1946–1954) and Algeria (1954–1962); the Belgian withdrawal from the Congo (1960), followed by the long crisis and the installation of the Mobutu dictatorship; the Portuguese defeats in Angola, Mozambique, and Guinea-Bissau (1961–1974) — these were the great victories of the national liberation movements.

The role of the Soviet Union in these national liberation wars was, after 1956, deeply ambiguous and often treacherous. The Khrushchevite and Brezhnev regimes, while providing military and economic assistance to selected national liberation movements, systematically subordinated this assistance to the diplomatic interests of the Soviet state. The Soviet Union cooperated with the United States in the United Nations operation in the Congo (1960–1964) that led to the murder of Patrice Lumumba and the installation of the Mobutu regime; it cooperated with the United States in the effort to deny China nuclear capability (the Limited Test Ban Treaty of 1963); it supported the Indian aggression against China in the 1962 border war; it pressured the Vietnamese to accept the partition of Vietnam at the Geneva Conference of 1954 and again at the Paris negotiations of 1968–1973; it supported the Ethiopian Derg against the Eritrean liberation movement; and it invaded Afghanistan in December 1979. The Maoist characterization of the Soviet Union as social-imperialist — socialist in words, imperialist in deeds — was not a rhetorical excess but the precise description of a state that, while providing limited support to selected national liberation movements, pursued an imperialist policy indistinguishable from that of the United States.

The Vietnamese Revolution and the Defeat of U.S. Imperialism

The Vietnamese Revolution was the greatest of the national liberation wars, and the most decisive defeat of U.S. imperialism in the postwar period. The Vietnamese Communist Party, led from 1941 by Ho Chi Minh, having carried out the August Revolution of 1945, having proclaimed the Democratic Republic of Vietnam on September 2, 1945, having fought the French reconquest (1946–1954), having defeated the French at Dien Bien Phu, having faced the American intervention (1965–1975), and having finally defeated the American-backed regime in Saigon (April 30, 1975), demonstrated the superiority of the strategy of protracted people's war over the technological and military superiority of the

imperialist power. The defeat of the United States in Vietnam was a strategic defeat of historic proportions: it demonstrated that the imperialist powers, even the most powerful, could be defeated by a determined national liberation movement led by the Communist Party.

The Cuban Revolution and the Bolivarian Revolutions

The Cuban Revolution, led by Fidel Castro and the July 26 Movement, having overthrown the American-backed Batista dictatorship on January 1, 1959, having declared the socialist character of the revolution in April 1961, having defeated the American-organized invasion at the Bay of Pigs (April 1961), and having undertaken the construction of socialism under conditions of American embargo, demonstrated that the socialist revolution was possible in the western hemisphere, in a country that was formally independent but was in fact a semi-colony of the United States. The Cuban Revolution aligned itself with the Soviet Union after the American blockade, a strategic decision that, while necessary for the survival of the revolution in the face of American aggression, also exposed the Cuban leadership to the influence of Soviet revisionism. The collapse of the Soviet Union in 1991 was therefore a catastrophic blow to the Cuban economy, from which the Cuban revolution has only partially recovered, through the alliances with the Bolivarian Republic of Venezuela and with the People's Republic of China.

The Bolivarian revolutions in Latin America — the Venezuelan Revolution led by Hugo Chávez (1998–2013), the Bolivian Revolution led by Evo Morales (2006–2019), the Ecuadorian Citizens' Revolution led by Rafael Correa (2007–2017) — represented the most significant attempt at anti-imperialist struggle in Latin America since the Cuban Revolution. These revolutions broke with the neoliberal imperialist order, nationalized significant sectors of the economy, redistributed income and land, and aligned their foreign policies with the anti-imperialist bloc. The Bolivarian revolutions also exposed the limits of the “21st-century socialism” that did not proceed to the dictatorship of the proletariat, did not expropriate the comprador bourgeoisie, did not dismantle the bourgeois state apparatus, and did not mobilize the masses in a Cultural-Revolution-style struggle against the bureaucratic degeneration of the revolutionary leadership. The partial reversal of the Bolivarian revolutions after 2013–2019 demonstrates these limits.

Sakai's Settlers and the Strategic Reorientation of the U.S. Revolutionary Movement

The most important strategic reorientation of the revolutionary movement within the U.S. Empire in the postwar period was articulated by J. Sakai in *Settlers: The Mythology of the White Proletariat from Mayflower to Modern* (1989). Sakai's work, as we have noted in

Chapter 6, is a work of Marxist-Leninist political economy, applying the categories of Marx's Capital and Lenin's Imperialism to the specific historical formation of the Euro-American settler-colonial oppressor nation. Sakai's strategic conclusion is that the Euro-American working class is not, and has never been, the principal revolutionary force within the U.S. Empire; the principal revolutionary forces are the oppressed nations within the U.S. Empire (the New Afrikan, the Mexicano, the Indian, the Asian nations) and the oppressed nations abroad. The strategic orientation that follows from this analysis is the worker-peasant alliance of the oppressed nations within the U.S. Empire against the settler-colonial oppressor nation, in alliance with the national liberation movements abroad and with the socialist states.

Sakai's strategic orientation is the direct continuation, in the specific conditions of the U.S. Empire, of the Comintern's theses on the national and colonial question (1920), of Mao's analysis of the classes in Chinese society (1926), and of Lenin's insistence (in the Preface to the French and German Editions of Imperialism) that the struggle against the labor aristocracy is the prerequisite for the socialist revolution. It is the only strategic orientation consistent with the Marxist-Leninist analysis of the parasitism of the imperialist nations, with the distinction between productive and unproductive labor, and with the recognition that the principal contradiction of the imperialist epoch is the contradiction between the imperialist oppressor nations and the oppressed nations. The imperialist chauvinists of the "left" — the social-democrats, the Trotskyites, the labor aristocrats of the DSA and the Sanders movement — reject this orientation, because it exposes their own parasitic position within the imperialist system. The Marxist-Leninist movement, by contrast, must build on this orientation, must organize the genuine proletariat of the U.S. Empire (the New Afrikan, the Mexicano, the Indian, the Asian, the immigrant, the unskilled, the unemployed, the imprisoned) against the settler-colonial oppressor nation, in alliance with the national liberation movements abroad and with the socialist states.

The Strategic Role of the National Liberation Movement

The national liberation movements of the oppressed nations are, in the Marxist-Leninist analysis, a constituent part of the world proletarian revolution. This thesis, formulated by Lenin in 1920, has been confirmed by the entire course of the twentieth and twenty-first centuries. The Chinese Revolution (1949), the Vietnamese Revolution (1945–1975), the Cuban Revolution (1959), the Algerian Revolution (1954–1962), the revolutions in the Portuguese colonies (1974–1975), the Nicaraguan Revolution (1979), the revolutions in southern Africa (Angola, Mozambique, Zimbabwe, South Africa), the Palestinian national movement, and the Bolivarian revolutions in Latin America have all, in different ways and to different degrees, struck at the imperialist system. The national liberation movements have deprived the imperialist powers of their colonies, have reduced the flow of super-profits,

have undermined the material basis of the labor aristocracy, and have opened revolutionary possibilities in countries that the imperialist powers had considered safe preserves of their domination.

The strategic role of the national liberation movements has been, in the imperialist epoch, the role of the reserve of the world proletarian revolution. The proletariat of the imperialist countries, facing the labor aristocracy, the trade-union bureaucracy, the reformist parties, and the ideological apparatus of the imperialist bourgeoisie, is not always able to take the lead in the revolutionary struggle. The national liberation movements, fighting in the most vulnerable sector of the imperialist system (the colonial and semi-colonial periphery), have repeatedly demonstrated their capacity to defeat the imperialist powers, to inspire the genuine proletariat of the imperialist countries, and to provide strategic support to the socialist states. The alliance between the genuine proletariat of the imperialist countries (not the labor aristocracy), the national liberation movements of the oppressed nations, and the socialist states is, in the imperialist epoch, the strategic axis of the world proletarian revolution. The following chapter takes up the analysis of contemporary imperialism, of the contradictions that have developed since the dissolution of the Soviet Union (1991), and of the path forward for the world proletarian revolution in the twenty-first century.

12. Imperialism in the Era of Socialist Construction

The dissolution of the Soviet Union in December 1991 marked the end of a strategic period and the beginning of another. The imperialist bourgeoisie, having failed to destroy the Soviet state by military intervention (1918–1920), by economic blockade (1918–1933), by Nazi invasion (1941–1945), or by nuclear blackmail (1949–1989), succeeded in the end through the internal corruption of the Communist Party of the Soviet Union, through the betrayal of the Khrushchevite and post-Khrushchevite leaderships, and through the long-term ideological disarmament of the Soviet working class. The Shanghai textbook had analyzed this degeneration, in 1974, with complete precision: “After Stalin passed away, the renegade clique of Khrushchev and Brezhnev launched a counter-revolutionary coup, seized Party and government power, restored capitalism in a big way, and transformed the Soviet Union into a social imperialist country.” The dissolution of the Soviet Union in 1991 was therefore not the “victory of capitalism over communism” (as the bourgeois historians pretend) but the collapse of a social-imperialist power that had ceased to be socialist 35 years earlier. Three decades later, the triumphalism of the imperialist bourgeoisie has worn thin. The imperialist world system has not solved its contradictions; it has, on the contrary, sharpened them.

From Colonialism to Neo-Colonialism

The formal decolonization of Asia and Africa, completed in the period 1947–1974, did not abolish the imperialist exploitation of the former colonies. It transformed its form, as Nkrumah analyzed in *Neo-Colonialism: The Last Stage of Imperialism* (1965). The mechanisms of neo-colonialism — the International Monetary Fund, the World Bank, the World Trade Organization, the multinational corporations, the military bases, the coups and destabilizations, the debt — have deepened in the post-1991 period. The dismantling of the developmental state (the so-called Washington Consensus of the 1990s), the financialization of the third-world debt, the imposition of structural adjustment programs that have dismantled the public sector, the social insurance system, and the public health system of the dependent countries, and the conversion of the third world into a vast reserve of cheap labor for the imperialist monopolies — these are the contemporary forms of the parasitic extraction analyzed by Lenin in 1916 and by the Soviet textbook in 1957.

Financialization and the Rentier Economy

The imperialist economy of the post-1971 period has been characterized by a profound process of financialization: the growing predominance of financial activities over productive activities, the growing weight of the financial sector in the total profit of the capitalist class, the growing share of financial assets in the total assets of the capitalist class, and the growing role of financial institutions in the direction of the economy. The financialization of the imperialist economy is the latest and most extreme form of the parasitic and decaying character of monopoly capitalism that Lenin had analyzed in 1916: “The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production and sets the seal of parasitism on the whole country that lives by exploiting the labour of several overseas countries and colonies.” (*Imperialism*, Chapter VIII). The financialization of the post-1971 period is the financialization of a capitalism in which the rate of profit in productive industry has fallen persistently since the late 1960s, in which productive investment has stagnated, in which the surplus capital of the financial oligarchy has sought speculative outlets in financial assets, real estate, derivatives, and exotic instruments of dubious value.

The consequences are now visible. The explosion of debt (the total debt of the imperialist countries has risen from about 150 percent of GDP in 1971 to over 300 percent of GDP in 2020; the international debt of the dependent countries has risen from about 50 billion dollars in 1970 to over 8 trillion dollars in 2020); the increasing frequency and severity of financial crises (the Latin American debt crisis of 1982, the Asian financial crisis of 1997–1998, the global financial crisis of 2007–2009, the European sovereign debt crisis of 2010–2012); the growing dependence of the imperialist economy on the central banks, which have intervened repeatedly to rescue the financial system by injecting liquidity, by

lowering interest rates to zero or below, and by purchasing financial assets on a vast scale — all these are the structural expressions of the parasitism that Lenin identified. The socialization of the losses of the financial oligarchy, and the preservation of the privatization of its profits, are the political forms of this parasitism.

The Crisis of 2008–Present and the Stagnation of Imperialist-Country Real Wages

The global financial crisis of 2007–2009 was the most severe crisis of the imperialist system since the Second World War. The crisis revealed, in the most dramatic way, the structural weaknesses of the financialized imperialist economy: the fragility of the banking system, the dependence of the imperialist economy on the central banks, the socialization of the losses of the financial oligarchy, and the imposition of the costs of the crisis on the working class through austerity, unemployment, and wage cuts. The crisis of 2008 has not been resolved; it has been displaced. The productive investment has continued to stagnate; the wages have continued to stagnate; the inequality has continued to grow; the debt has continued to expand; the speculative bubbles have continued to inflate.

The empirical record of real wages in the imperialist countries, in the four decades since the beginning of the financialization period, is the empirical verification of the labor-aristocracy thesis. The median weekly real earnings of full-time wage and salary workers in the United States, as measured by the Bureau of Labor Statistics (series LEU0252881600Q) and adjusted for inflation in 1982–84 CPI dollars, have grown from approximately \$330 per week in 1980 to approximately \$375 per week in 2025 — a total increase of about 13.6 percent over 45 years, or about 0.3 percent per year. The OECD's comparative data on real wages (PPP-adjusted, 2021 prices) for the period 2000–2022 show that the imperialist countries have experienced either stagnation or modest growth: Italy +0.9 percent, Japan –0.2 percent, Germany +14.8 percent, France +20.8 percent, the United Kingdom +20.1 percent, the United States +26.7 percent, Canada +26.9 percent. The growth rates of the imperialist countries, even the highest of them, are far below the growth rates of the People's Republic of China.

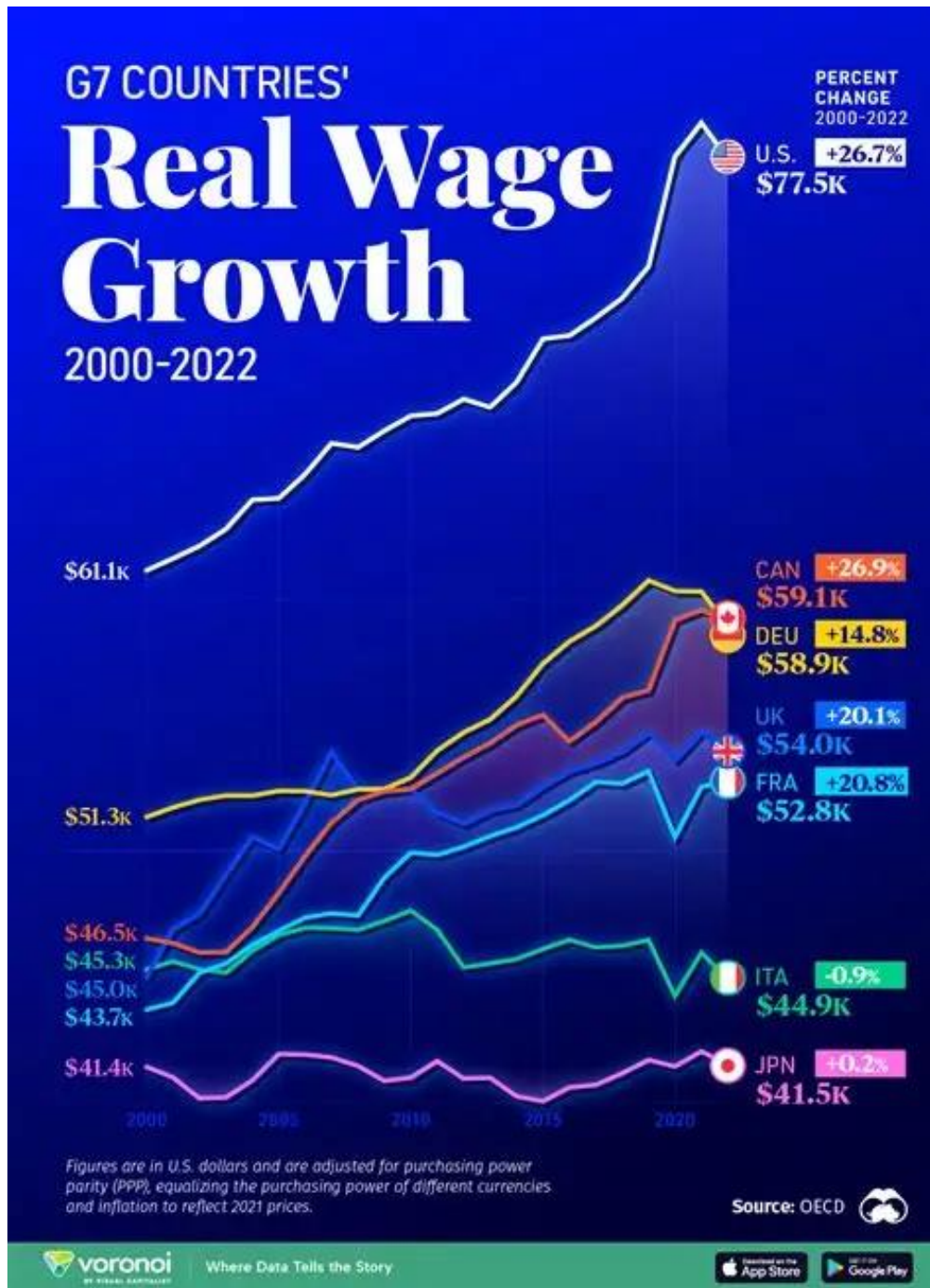


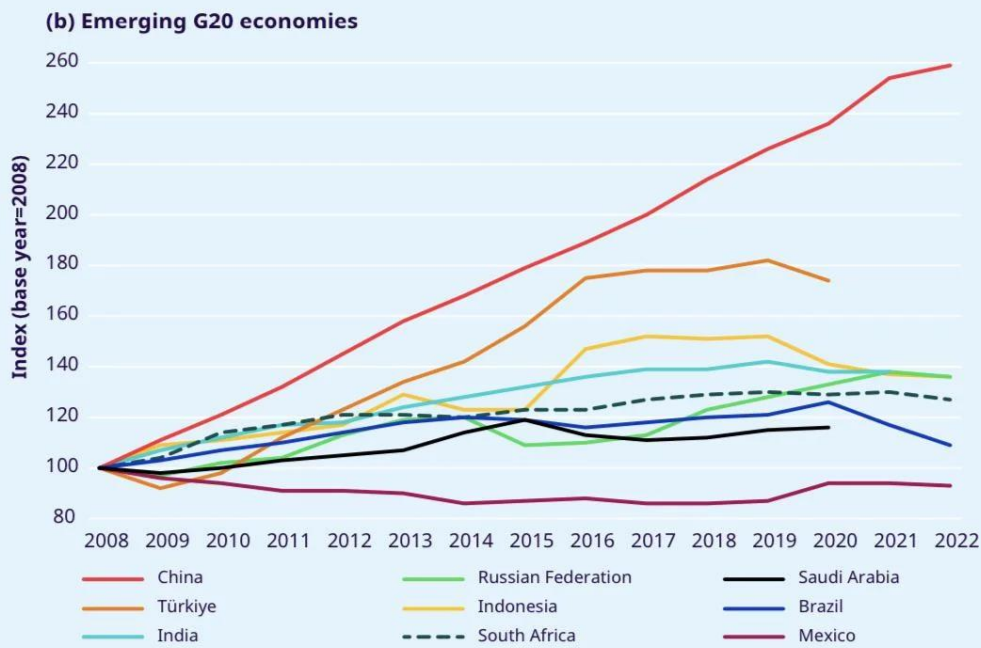
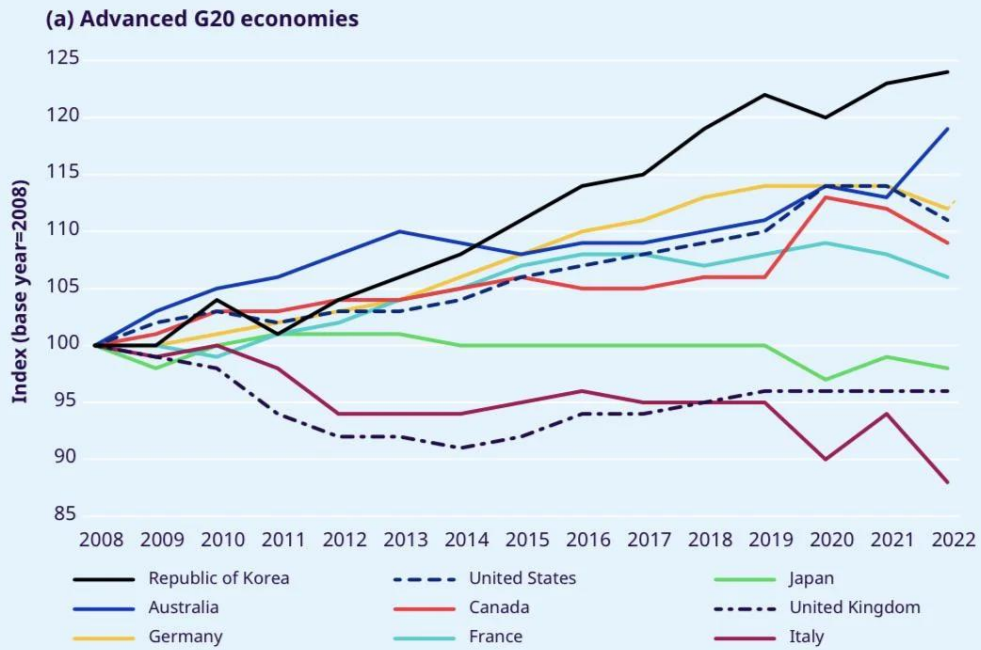
Figure 12.1 — Real wage and real wage growth (PPP-adjusted, 2021 prices) for selected OECD countries, 2000–2022. Source: OECD, via voronoi. Real wages in the major imperialist countries grew between –0.2 percent (Japan) and +26.9 percent (Canada) over the 22-year period.

The Real Wage Growth of the People's Republic of China and the Productive Nations of the Third World

The contrast between the real wage growth of the imperialist countries and the real wage growth of the People's Republic of China and the other productive nations of the third world is the most important single fact about the contemporary world economy. The ILO's

comparative data on real wage indices for the G20 countries (2008–2022) provide the clearest demonstration: in the advanced G20 economies, the United States rose from index 100 to 112 (+12 percent), Italy fell from 100 to 88 (–12 percent), Japan remained flat; in the emerging G20 economies, China rose from index 100 to 258 (+158 percent), Turkey rose from 100 to 175 (+75 percent), India rose from 100 to 140 (+40 percent). The divergence is structural and overwhelming: the productive economies of the oppressed nations are growing rapidly; the parasitic economies of the imperialist nations are stagnating.

► Figure 3.5. Average real wage index for the G20 countries, 2008–22



Note: Data for 2022 are based on the first and second quarters of the year.

Source: ILO estimates.

Figure 12.2 — Average real wage index for G20 countries, 2008–2022 (index 2008 = 100). Source: ILO estimates. In panel (a), advanced G20 economies: United States +12 percent, Italy –12 percent, Japan –3 percent. In panel (b), emerging G20 economies: China +158 percent, Turkey +75 percent ending 2020, India +40 percent. The divergence between the stagnant parasitic economies of the imperialist nations and the rapidly growing productive economies of the oppressed nations is the empirical confirmation of the labor-aristocracy thesis.

The real per-capita GDP of China, which stood at approximately 1,000 dollars (in 2015 constant prices) in 1980, has grown to approximately 12,000 dollars in 2022 — a twelvefold increase in four decades. The transformation is not confined to wages: the life expectancy in China has risen from 67 years in 1980 to 79 years in 2022; the infant mortality has fallen from 36 per 1,000 live births in 1980 to 6 per 1,000 in 2022; the literacy rate has risen from 66 percent in 1980 to 97 percent in 2022; the urbanization rate has risen from 19 percent in 1980 to 65 percent in 2022. These are the indices of a society in which the productive forces are being developed, the exploiting class has been eliminated (as the Communist Party of China resolved in 1981), the labor aristocracy has been prevented from consolidating, and the surplus is being reinvested in production, rather than consumed by a parasitic settler class. The parasitism of the imperialist nations and the productive development of China are the two sides of the contemporary world economy.

The Reduction of Productive Labor in the Imperialist Nations

The structural reduction of productive labor in the imperialist nations has continued and accelerated in the post-1991 period. The United States, the most parasitic of the imperialist nations, has seen its manufacturing workforce decline from approximately 19 million in 1980 (about 22 percent of the employed labor force) to approximately 12 to 13 million in 2020 (about 9 percent of the employed labor force). The manufacturing output that remains is concentrated in a few high-technology sectors (aerospace, semiconductors, pharmaceuticals) and in the armaments industry; the bulk of the consumer goods consumed in the United States is imported, directly or indirectly, from the oppressed nations. The labor force that remains in the United States is engaged, in its great majority, in unproductive labor: retail trade, finance, real estate, insurance, business services, health care administration, government administration, the military, the police, and the prison system. These unproductive workers are paid, in the last analysis, out of the surplus-value produced by the productive workers of the oppressed nations, and their material position depends on the continued extraction of that surplus-value.

The retail workers of the imperialist nations deserve particular emphasis, because their structural position reveals, with special clarity, the parasitic character of the imperialist economy. The 15 million retail workers of the United States do not produce surplus-value; they realize it. Marx's analysis in *Capital*, Volume II (Chapter VI) applies to them with full force: "He performs a necessary function, because the process of reproduction itself includes unproductive functions. He works as well as the next man, but intrinsically his labour creates neither value nor product. He belongs himself to the faux frais of production." The retail worker who scans the barcode of a t-shirt made in Bangladesh, of a smartphone imported from China, of a pair of shoes imported from Vietnam, is not a producer; he is a distributor. His labor is necessary to the realization of the surplus-value extracted from the Bangladeshi

workers, but it is not the source of that surplus-value. The Chinese and Vietnamese workers, by contrast, do not produce surplus-value at all; they are workers in socialist states in which the exploiting class has been eliminated and in which the system of exploitation of man by man has been abolished. The Shanghai textbook *Fundamentals of Political Economy* (1974) is the foundation of the present work and is explicit on this point: in socialist states, the category of surplus-value no longer obtains, for surplus-value is the specific form of exploitation under capitalism, and where the exploiting class has been abolished, the category is abolished with it. To speak of Chinese or Vietnamese workers as producers of surplus-value is to deny the existence of the dictatorship of the proletariat in those countries; it is, in the final analysis, to side with the labor aristocrats and with imperialism against the socialist states. The same structural position is occupied by the financial-sector workers, the real-estate workers, the insurance workers, the advertising workers, the legal workers, and the great mass of state employees. To treat the retail worker as a productive proletarian — to organize him, alongside the productive proletariat, in the same trade unions, in the same political party, under the same banner — is to reproduce the labor-aristocratic myth that the imperialist-country working class is exploited in the same way as the third-world working class. It is not. The imperialist-country working class, in its decisive strata, is the parasite; the third-world working class is the host.

The Demonstration of Parasitism: The Report on Human Rights Violations in the United States in 2024

The most devastating contemporary demonstration of the parasitism and decay of U.S. imperialism is provided by *The Report on Human Rights Violations in the United States in 2024*, issued by the State Council Information Office of the People's Republic of China in August 2025. The report, drawing on U.S. government data, Federal Reserve statistics, OpenSecrets, the Gun Violence Archive, the U.S. Department of Housing and Urban Development, and other primary sources, provides a comprehensive picture of the internal decay of the principal imperialist power. The report demonstrates, with statistical precision, the structural consequences of the parasitism analyzed in this volume: the polarization of wealth, the immiseration of the lower strata of the working class (especially the oppressed-nation workers within the U.S. Empire), the decay of the social infrastructure, the militarization of the police, the mass incarceration of the oppressed nations, and the systematic violation of the most basic human rights of the population.

The report's economic data are the empirical verification of the labor-aristocracy thesis. The Federal Reserve data, cited in the report, show that as of June 30, 2024, the top 10 percent of U.S. households held 67 percent of the nation's total wealth, while the bottom 50 percent owned just 2.5 percent. The average wealth of the top 10 percent was 1,353 times higher than that of the bottom 50 percent. The U.S. poverty rate rose in 2023 to 12.9 percent

of the population; over 40 million Americans lived in poverty; more than 700,000 people were homeless. Some 13.5 percent of U.S. households faced food insecurity in 2023, up from 12.8 percent in 2022; 13.8 million children lived in households that did not have enough food on the table. U.S. credit card debt totaled a record high of 1.14 trillion dollars in the second quarter of 2024. These figures do not describe a labor aristocracy in uniform comfort; they describe a labor aristocracy in which the upper stratum (the top 10 percent, the holders of 67 percent of the wealth) is enriched by the parasitic extraction of super-profits, while the lower stratum of the oppressor-nation working class (the bottom 50 percent, the holders of 2.5 percent of the wealth) is maintained at a level that, however degraded by imperialist-country standards, remains far above the level of the oppressed nations, and is sustained by the promise of participation in the imperialist system. The oppressed-nation workers within the U.S. Empire (the New Afrikan, the Mexicano, the Indian, the Asian) bear the brunt of the immiseration; the Euro-Amerikan settler working class, even at the bottom, remains a labor aristocracy in the world-historical sense.

“Income and wealth inequality in the United States far exceeded those of other developed nations and continued to worsen. Data released by Statista on Sept. 16, 2024 showed that the U.S. poverty rate rose again in 2023, with 12.9 percent of the population living in poverty. According to Federal Reserve data, as of June 30, 2024, the top 10 percent of U.S. households held 67 percent of the nation's total wealth, while the bottom 50 percent owned just 2.5 percent. The average wealth of the top 10 percent was 1,353 times higher than that of the bottom 50 percent. ... The United States had effectively split into ‘Two Americas’ — a small wealthy elite and a vast low- and middle-class majority.”

— *The Report on Human Rights Violations in the United States in 2024 (State Council Information Office of the People's Republic of China, August 2025), Section II*

The report's data on the militarization of the police and on mass incarceration demonstrate the structural function of the repressive apparatus of the imperialist state. The United States, with less than 5 percent of the global population, incarcerates nearly 40 percent of the world's prisoners; as of 2024, 1 in every 176 U.S. residents was imprisoned. African Americans, who constitute some 13 percent of the U.S. population, are three times more likely to be shot dead by police than whites; 61 percent of all children sentenced to life imprisonment without parole are of African descent. In 2024, there were more than 40,000 gunshot deaths in the United States, 503 mass shootings, and 45 school shootings. More than 1,400 children died of gunshots and over 1,300 people perished due to police brutality. The American Indian boarding schools, which operated for over a century and a half, turned out to be mass graves: the deaths of more than 3,100 Native American children have been documented. These are not accidental phenomena; they are the structural forms of the maintenance of the settler-colonial order within the U.S. Empire, the means by which the

oppressed nations within the Empire (the New Afrikan, the Mexicano, the Indian) are kept in subjection, and the means by which the settler-colonial labor aristocracy is policed and disciplined. The report provides the empirical foundation for the analysis of the U.S. Empire as a settler-colonial oppressor nation, in which the genuine proletariat (the oppressed-nation workers) is held in subjection by the combined apparatus of the imperialist bourgeoisie, the labor aristocracy, and the repressive state.

U.S. Imperialism and the Strategic Use of Energy: The Iran War

The United States, as the principal imperialist power, has developed in the post-1991 period a distinctive mode of imperialist accumulation: the strategic use of energy. The mode operates as follows. The United States provokes, instigates, or directly carries out a military conflict in a major oil-producing region (the Middle East, Central Asia, the Caspian basin, Venezuela, West Africa). The conflict disrupts the oil production of the targeted countries, drives up the world oil price, and damages the economies of the imperialist rivals of the United States (above all the European Union, China, Japan, and India, which are net oil importers) while benefiting the United States oil industry (which, since the shale revolution of the 2010s, is the largest oil producer in the world). The United States, which produces most of the oil it consumes and which has the lowest motor-fuel taxes among the major imperialist powers, is insulated from the oil-price shocks that it itself generates; its rivals, which depend on imported oil and which impose high motor-fuel taxes, are highly exposed. The strategic use of energy is thus a mode of inter-imperialist rivalry in which the United States weaponizes the oil market against its rivals, while its own population is largely insulated from the consequences.

The most recent illustration of this mode is the U.S. instigation of the war on Iran. The United States, having unilaterally withdrawn from the Joint Comprehensive Plan of Action (the Iran nuclear agreement) in May 2018, having imposed a comprehensive sanctions regime on Iran, having assassinated the Iranian general Qasem Soleimani in January 2020, having repeatedly threatened Iran with military attack, and having supported Israeli military strikes on Iranian nuclear facilities and on Iranian-allied forces in Syria, Lebanon, Yemen, and Iraq, has systematically sought to provoke an Iranian response that would provide the pretext for a direct U.S. or Israeli military attack on Iran. The purpose of such an attack would be to destroy the Iranian oil-production infrastructure, to close the Strait of Hormuz (through which approximately 20 percent of the world's oil passes), to drive up the world oil price, and to damage the economies of the European Union, China, Japan, and India — the principal rivals of the United States in the world market. The United States, as the world's largest oil producer and as the imperialist power least dependent on imported oil, would benefit from the rise in oil prices; its rivals would bear the cost.

The asymmetry of exposure is decisive. The retail price of motor fuel in the United States, even after the oil-price rises of the 2020s, has remained in the range of \$3.00 to \$4.50 per gallon. The retail price of motor fuel in the European Union, in the same period, has been in the range of \$6.50 to \$8.50 per gallon (in countries like Germany, France, Italy, and the Netherlands), and has reached \$12 per gallon in periods of acute price shock. The difference is attributable, in part, to the motor-fuel taxes (which are low in the United States, at the federal level about 18 cents per gallon, and which are high in the European Union, typically 200 to 300 percent of the pre-tax price); but the difference is attributable, above all, to the structural position of the United States as the principal oil producer and the principal military power in the Middle East. The United States, by controlling the oil-producing regions and by maintaining the dollar as the currency of oil trade (the so-called petrodollar), is able to shift the cost of oil-price shocks onto its rivals while preserving the low motor-fuel prices that sustain the labor-aristocratic standard of living of its settler population.

The strategic use of energy is not confined to the Iran case. The U.S. invasion of Iraq (2003) was, in part, an energy-war operation: the seizure of the Iraqi oil fields, the dismantling of the Iraqi national oil company, the imposition of production-sharing agreements favorable to the U.S. oil majors, and the conversion of Iraq into a U.S. client state. The U.S. intervention in Libya (2011) was, in part, an energy-war operation: the overthrow of the Gaddafi regime, which had pursued an independent oil policy and which had proposed the gold-backed African currency as an alternative to the dollar and the CFA franc, opened the Libyan oil fields to the U.S. and European oil majors. The U.S. intervention in Venezuela (2019–present) is, in part, an energy-war operation: the attempted overthrow of the Maduro government, which has pursued an independent oil policy and which has aligned itself with China and Russia, is intended to open the Venezuelan oil fields (the largest proven reserves in the world) to the U.S. oil majors. The U.S. support for the Israeli destruction of the Palestinian, Lebanese, and Yemeni populations and of the oil-and-gas transit routes is, in part, an energy-war operation: the consolidation of the U.S.-Israeli-Saudi-Gulf alliance is intended to secure the U.S. control of the Middle Eastern oil and gas against the rival interests of the European Union, China, and Russia.

The Multipolar Conjuncture

The post-1991 unipolar moment of the United States has come to an end. The rise of the People's Republic of China, the renewed assertiveness of the Russian Federation, the consolidation of the European Union as a (still subordinate) economic rival, the rise of India, and the emergence of new regional powers (Brazil, Turkey, Iran, South Africa) have produced a multipolar conjuncture in which the United States can no longer impose its will on the world as it did in the 1990s. The multipolar conjuncture is, in the Marxist-Leninist analysis, a new form of the law of uneven development: the relative decline of the United

States, the relative rise of China, and the emergence of new regional powers are the inevitable result of the unequal rates of development of the capitalist countries. The principal contradiction of the present period between the imperialist camp and the socialist and anti-imperialist forces is the contradiction between the United States and the People's Republic of China; the characterization of this contradiction as “inter-imperialist” is rejected in the present volume, as the People’s Republic of China is a socialist state in which the exploiting class has been eliminated. This contradiction has become acute since the American “pivot to Asia” of 2011, the trade war of 2018–2020, the technological war (over semiconductors, over 5G, over artificial intelligence), the diplomatic tensions (over Taiwan, over the South China Sea, over Hong Kong, over Xinjiang, over Tibet), and the military buildup on both sides. The multipolar conjuncture is, in this sense, a conjuncture of intensified contradiction between the imperialist camp and the socialist and anti-imperialist forces, of the preparation of new imperialist wars, and of the sharpening of all the contradictions of the imperialist system.

The Path of Socialist Construction

The path of socialist construction, in the present conjuncture, must be guided by the strategic orientation that has been developed in the preceding chapters. The era of imperialism is the era of the dictatorship of the proletariat; the era of imperialism is the era of the world proletarian revolution; the era of imperialism is the era of the alliance between the genuine proletariat of the imperialist countries, the national liberation movements of the oppressed nations, and the socialist states. The dissolution of the Soviet Union, the crisis of the international Communist movement, the revisionist degeneration of many of the Communist parties, and the ideological offensive of the imperialist bourgeoisie have all weakened the socialist forces in the period since 1991. But the contradictions of imperialism have not been resolved; they have been sharpened. The material conditions for the socialist revolution have not disappeared; they have matured. The path of socialist construction, in the present conjuncture, requires the rebuilding of the Communist parties on the basis of Marxism-Leninism (not its revisionist or Trotskyite distortions), the rebuilding of the international Communist movement, the consolidation of the socialist states that remain, the support of the national liberation movements, and the patient preparation of the revolutionary crisis in the imperialist countries.

For the genuine proletariat within the U.S. Empire — the New Afrikan, the Mexicano, the Indian, the Asian, the immigrant worker, the unskilled, the unemployed, the imprisoned — the path of socialist construction begins with the recognition that the principal enemy is the U.S. imperialist bourgeoisie and its settler-colonial social base (the Euro-American labor aristocracy), and that the principal ally is the oppressed nations of the third world and the socialist states that remain. The strategic orientation that follows from this recognition is the

worker-peasant alliance of the oppressed nations within the U.S. Empire against the settler-colonial oppressor nation, in alliance with the national liberation movements abroad and with the socialist states. This is the strategic orientation that follows from the analysis of imperialism as a class system, and from the application of Mao's class analysis to the imperialist world system. It is the strategic orientation that the Marxist-Leninist movement, after the long night of revisionism and opportunism, must reconstruct.

“Imperialism is the eve of the social revolution of the proletariat. This has been confirmed since 1917 on a world-wide scale.”

— V. I. Lenin, *Preface to the French and German Editions of Imperialism* (July 6, 1920)

The Inevitability of Imperialism's Supersession

The thesis that imperialism carries within itself the contradictions that prepare its supersession is not a thesis of fatalistic optimism. It is a scientific thesis, derived from the analysis of the structural features of monopoly capitalism. Imperialism has socialized production to the point at which the transition to socialism is technically possible; imperialism has concentrated the proletariat in great factories and great cities, to the point at which the proletariat is capable of organizing itself as an independent political force; imperialism has sharpened the contradictions between labor and capital, between the imperialist powers (including the social-imperialist powers), and between imperialism and the oppressed nations, to the point at which revolutionary crises have repeatedly broken out and have repeatedly been resolved in favor of the working class; imperialism has generated the national liberation movements that have deprived it of its colonies and have reduced its super-profits; and imperialism has generated the financial crises, the wars, and the ecological devastations that have demonstrated, in practice, the inability of the bourgeoisie to govern.

The supersession of imperialism is the task of the international working class, in alliance with the oppressed nations and with the socialist states; it is the task that the October Revolution opened, that the Chinese Revolution continued, that the national liberation movements have advanced, and that remains, in the twenty-first century, the central task of the world proletarian revolution. The study of imperialism, undertaken in this volume, has no other purpose than to contribute to the accomplishment of this task.

13. The Parasite Left — Social-Imperialism in the Imperialist Center

The analysis of imperialism as a class system, developed in the preceding chapters, has established that the imperialist bourgeoisie maintains its rule not only through the direct coercion of the state apparatus but also through the bribery of the upper stratum of the working class of the imperialist countries — the labor aristocracy. Lenin identified this stratum as the “labor aristocracy” and characterized it as the “principal social prop of the bourgeoisie” in the imperialist countries. The Shanghai textbook *Fundamentals of Political Economy* (1974), which is the foundation of the present work, has provided the theoretical framework for this analysis. The preceding chapters have analyzed the material basis of this bribery (the extraction of super-profits from the oppressed nations), its structural forms (the settler-colonial labor aristocracy of the United States, the social-imperialist regime of the post-1956 Soviet Union), and its ideological expressions (the opportunism of the Second International, the revisionism of the Khrushchevite CPSU). The present chapter examines the contemporary form of this phenomenon: the organizations and individuals within the imperialist countries that call themselves socialist or communist while serving, in practice, as the transmission belt of imperialist policy into the working-class movement. These are the parasite left — the CPUSA, the DSA, the Sanders movement, and their allied organizations — and their function in the imperialist system is the same function that the social-democrats of the Second International performed in 1914 and that the Khrushchevite revisionists performed after 1956: the provision of a “left” cover for the imperialist program of the bourgeoisie. To claim that capitalism in any form exists in Communist states is to side with the labor aristocrats and therefore with imperialism; the Shanghai textbook, as the foundation of the present work, is explicit that where the exploiting class has been abolished, the capitalist categories are abolished with it.

The Communist Party USA: From Communism to Social-Imperialism

The Communist Party USA was founded in 1919 as a section of the Communist International. In its early decades, it was a genuine Communist party: it organized the unemployed, it led the industrial union movement, it defended the Scottsboro Boys, it sent volunteers to fight fascism in Spain, and it maintained, despite the errors of the Browder period, a commitment to the international Communist movement. The degeneration of the CPUSA was a protracted process, rooted in the same material basis that produced the degeneration of the Second International and of the post-1956 CPSU: the bribery of the settler-colonial labor aristocracy, the integration of the party’s social base into the imperialist system, and the consequent transformation of the party from a revolutionary organization into a reformist appendage of the Democratic Party. The CPUSA today is not a Communist party; it is a social-imperialist organization that uses the language of

Marxism-Leninism to provide left cover for the imperialist program of the U.S. bourgeoisie.

The CPUSA's transformation was consummated under the leadership of Sam Webb, who served as National Chair from 2000 to 2014. In his 2005 essay "Reflections on Socialism," published on the CPUSA website, Webb outlined what he called "socialism with American characteristics" — a transparent adaptation of the Chinese formulation "socialism with Chinese characteristics" to the service of the American imperialist bourgeoisie. Where the Chinese Communist Party employed the concept of socialism with Chinese characteristics to develop the productive forces under the dictatorship of the proletariat, Webb employed the analogous phrase to argue for the abandonment of the dictatorship of the proletariat, for the subordination of the Communist Party to the Democratic Party, and for the dissolution of the independent political organization of the working class. Webb's 2011 essay "A Party of Socialism in the 21st Century" went further, arguing that the Communist Party should "embrace Marxism, understood as a broad theoretical tradition that reaches beyond the communist movement" — a formulation that stripped Marxism of its revolutionary content and reduced it to a vague cultural posture. The Communist Party of Greece (KKE) publicly criticized the CPUSA for these positions, recognizing them for what they were: the abandonment of Marxism-Leninism in favor of social-democratic reformism.

The CPUSA's electoral practice has confirmed its social-imperialist character. While the party's charter formally prohibits the endorsement of candidates of other parties, the CPUSA has consistently and explicitly urged votes for the Democratic presidential candidates, framing this as the strategic imperative of defeating the "extreme right." In 2008 and 2012, the CPUSA threw its organizational weight behind the election and re-election of Barack Obama, who escalated the war in Afghanistan, expanded the drone assassination program to seven countries, oversaw the NATO destruction of Libya, launched the covert war against Syria, and carried out the largest expansion of the surveillance state in U.S. history. In 2020, the CPUSA urged votes for Joe Biden, who had as Vice President supported every one of Obama's imperialist wars and who as President escalated the confrontation with China, expanded the NATO alliance against Russia, and supported the Israeli destruction of Gaza. The CPUSA's "left-center unity" line — the strategic orientation that the working class must ally with the "center" of the Democratic Party against the "extreme right" of the Republican Party — is not a tactic; it is the expression of the party's class position as a transmission belt of the imperialist bourgeoisie into the working-class movement. The CPUSA does not oppose U.S. imperialism; it manages the opposition to U.S. imperialism.

The CPUSA and the ZioCom: Collusion with Zionism

The CPUSA's social-imperialism is not confined to domestic policy; it extends to the most critical question of the present conjuncture: the Palestinian national liberation struggle. On November 27, 2023, less than two months after the Al-Aqsa Flood operation of October 7, the Zionist the ZioCom (ZioCom Maki) published an article titled "Sexual Violence Perpetrated by Hamas Must be Investigated as Crimes Against Humanity." The article, citing a position paper by Physicians for Human Rights – Israel, accused Hamas of using "sexual violence as a means of warfare and a psychological weapon" and characterized the October 7 operation as an "indiscriminate and murderous attack." Whatever the facts of individual acts of violence on October 7 — and they must be investigated by an impartial body, not by the propaganda apparatus of a genocidal state — the function of the Maki article was clear: to provide a "left" and "feminist" cover for the Israeli genocide in Gaza. By focusing exclusively on alleged Hamas crimes, the ZioCommunists performed while the Israeli state was slaughtering Palestinian civilians by the thousands, the ZioCom performed the same function that the social-democrats of the Second International performed in 1914: the provision of a "socialist" alibi for Zionist-imperialist violence.

The CPUSA's collusion with Maki is not an incidental association; it is a structural alliance. On March 6, 2026, the CPUSA published a joint statement with the Zionist the ZioCom (ZioCom Maki) and the Tudeh Party of Iran, titled "Joint Statement of the Communist Parties of Iran (TUDEH), Israel (CPI) and the U.S. (CPUSA)." The statement, issued on the eve of the U.S.-Israeli war of aggression against Iran, condemned the war in formal terms while simultaneously describing Iran as existing under "the yoke of tyranny and the current dictatorship" and characterizing the Iranian state as an authoritarian regime from which the people required "true liberation." This formulation — opposing the specific military attack while endorsing the characterization of the targeted state as a dictatorship — is the precise equivalent of the "humanitarian imperialist" position: the imperialist aggression is condemned in the abstract, while the propaganda narrative that justifies the aggression is affirmed in the concrete. The Tudeh Party, an exile organization that has opposed the Islamic Republic since its founding, provided the "Iranian" cover for this narrative; the ZioCom provided the "Israeli" cover; the CPUSA provided the "American Communist" cover. The joint statement was, in its political function, an act of collusion with the imperialist war against Iran, performed under the banner of communism by a Zio-socialist party that has made itself an appendage of the Zionist state. The CPUSA, by affixing its name to a statement cosigned by the ZioCom that slandered a revolutionary state facing imperialist aggression, demonstrated that its function in the imperialist system is not to oppose imperialism but to manage the opposition to imperialism.

People's World and the Endorsement of Graham Platner

The CPUSA’s social-imperialism extends to the endorsement of individual agents of the imperialist war machine. In 2026, People’s World — the online publication of the CPUSA, the direct descendant of the Daily Worker — endorsed Graham Platner as a “progressive” candidate for the U.S. Senate from Maine. Platner is a veteran of the U.S. Marine Corps who served as a machine gunner in the Iraq War and later served in the Army in Afghanistan. His candidacy was promoted by the CPUSA’s media apparatus despite the public revelation that Platner bore a tattoo recognized as resembling Nazi SS imagery — the Totenkopf, the death’s-head symbol of the SS-Totenkopfverbände, the units that administered the Nazi concentration camps. Platner attempted to explain the tattoo as a military insignia unrelated to Nazism; the attempt was as unconvincing as it was characteristic of the fascist sympathies that pervade the U.S. military. The People’s World endorsement of Platner as a “progressive” is the logical culmination of the CPUSA’s social-imperialist line: an organization that calls itself Communist endorsing a machine gunner of the imperialist wars, a bearer of Nazi iconography, as a “progressive” candidate for the Senate of the imperialist bourgeoisie. When even the Nazi tattoo of the imperialist soldier cannot disqualify a candidate from the CPUSA’s “progressive” label, the label has been stripped of all meaning; it has become, like the word “socialism” in the mouth of Sam Webb, a sound without content.



Figure 13.1 — Graham Platner, who CPUSA calls the “progressive” Senate candidate. Platner, a Marine Corps machine gunner in the Iraq War, was long since revealed to bear a tattoo resembling Nazi SS Totenkopf imagery. The CPUSA publication’s endorsement of an imperialist soldier with Nazi iconography as “progressive” is the logical expression of the parasite left’s function in the imperialist system.

The Democratic Socialists of America: Social-Imperialism by Parliamentary Vote

The Democratic Socialists of America, founded in 1982 as a merger of the Democratic Socialist Organizing Committee (a splinter from the Socialist Party of America) and the New American Movement, has since its inception been an organization of the labor aristocracy, by the labor aristocracy, and for the labor aristocracy. The DSA does not organize the genuine proletariat of the United States — the New Afrikan, the Mexicano, the immigrant worker, the unskilled, the unemployed, the imprisoned; it organizes the settler-colonial professional-managerial stratum, the university-educated liberal, the union bureaucrat, and the aspiring Democratic Party operative. The DSA's strategic orientation is not the overthrow of the imperialist state but the capture of the Democratic Party from within — a project that is not only reformist but fundamentally contradictory, since the Democratic Party is one of the two parties of the imperialist bourgeoisie and cannot be transformed into an instrument of the working class any more than a slaughterhouse can be transformed into a hospital.

The DSA's parliamentary practice has confirmed its social-imperialist character at every critical juncture. On September 23, 2021, the House of Representatives voted on H.R. 5323, the Iron Dome Supplemental Appropriations Act, providing \$1 billion in additional military funding for Israel's Iron Dome missile defense system. The vote took place in the immediate aftermath of the Israeli bombardment of Gaza in May 2021, which had killed over 250 Palestinians, including at least 67 children. DSA-endorsed Representative Jamaal Bowman voted YES on the Iron Dome supplemental. DSA-endorsed Representative Alexandria Ocasio-Cortez, who had initially voted NO, changed her vote to "present" during the roll call — a capitulation so craven that it drew condemnation even from liberal commentators. Ocasio-Cortez subsequently issued a letter to constituents in which she apologized for her vote, acknowledging that she had been subjected to "hateful" pressure but nonetheless refusing to take a stand against military funding for a state that was at that very moment demolishing Palestinian homes, imprisoning Palestinian children, and maintaining the apartheid regime that the major human rights organizations of the world had by then formally recognized as such. The DSA's own National Political Committee issued a statement condemning the Iron Dome vote and acknowledging that "the Democratic Party exerts enormous discipline on Congresspeople who would dare vote against funding the Zionist expansionist agenda" — a statement that condemned the Democratic Party while leaving the DSA-endorsed members who had capitulated to the Democratic Party comfortably within the organization. The DSA condemned the vote; the DSA's own members cast the vote; the DSA remained in the Democratic Party; the DSA's condemnation was a ritual performance, not a political act.

The pattern repeats on every question of imperialist war. On July 28, 2021, DSA-endorsed Representatives Jamaal Bowman and Ilhan Omar voted YES on H.R. 4373, a foreign aid appropriations bill containing \$3.3 billion in military aid to Israel. On

November 30, 2022, DSA-endorsed Representatives Ocasio-Cortez, Cori Bush, and Jamaal Bowman voted to ban the railway strike, denying 115,000 railway workers the right to strike and imposing a contract that the workers themselves had rejected. The DSA's own members, elected under the DSA banner with DSA organizational support, vote for Iron Dome funding, vote for military aid to Israel, vote to ban strikes, and the DSA issues statements of "condemnation" while taking no action to discipline or expel the members who betray the organization's stated principles. This is not a failure of strategy; it is the structural expression of the DSA's class position. The DSA is an organization of the labor aristocracy; its members in Congress represent the labor aristocracy; the labor aristocracy is materially dependent on imperialism; and the DSA's parliamentary practice faithfully reflects this material dependence.

The Sanders Movement: Channeling Anti-Imperialism into the Democratic Party

Bernie Sanders, the independent Senator from Vermont who has served as the foremost "left" figure in American politics for over a decade, is the most effective agent of the parasite left in the contemporary United States. Sanders's political function is not to challenge imperialism but to channel the anti-imperialist sentiment of the settler-colonial working class back into the Democratic Party, where it can be neutralized, diluted, and ultimately dissipated. This function has been performed with extraordinary consistency throughout Sanders's career.

Sanders's connection to the Zionist project is not merely ideological; it is personal. In 1963, Sanders volunteered at Kibbutz Sha'ar HaAmakim, near Haifa in northern Israel. The kibbutz was affiliated with Hashomer Hatzair, a socialist-Zionist youth movement that combined Marxist rhetoric with the project of Zionist settler-colonialism. Hashomer Hatzair was known in its early decades as the "Stalinist" kibbutz movement; it maintained this characterization until the Khrushchevite revelations of 1956, after which it shifted toward a social-democratic orientation. The young Sanders, arriving at the kibbutz in 1963, was immersed in an environment in which the language of socialism was employed in the service of settler-colonial dispossession — the exact function that the parasite left performs today on a national scale. The kibbutz movement, whatever its internal egalitarianism, was an instrument of the colonization of Palestine; the socialist rhetoric of the kibbutzim served to disguise the national oppression of the Palestinian people under a veneer of collectivist idealism. Sanders's formative political experience was therefore an apprenticeship in the parasite left's characteristic operation: the use of socialist language to conceal imperialist practice.

Sanders's record on China is the clearest demonstration of his function as a transmission belt for imperialist chauvinism. In 2000, Sanders opposed Permanent Normal

Trade Relations (PNTR) with China, arguing that “the vast majority of working Americans know that PNTR is a vehicle for companies to send jobs to a country that allows its workers to be paid 20 cents an hour.” Sanders characterized Chinese wages as “starvation wages” — a characterization that is contradicted by the empirical record. The ILO’s data on real wage indices for the G20 countries (2008–2022) demonstrate that Chinese real wages grew by 158 percent over this period, compared to 12 percent for the United States. Chinese life expectancy rose from 67 years in 1980 to 79 years in 2022; infant mortality fell from 36 per 1,000 live births to 6 per 1,000; the literacy rate rose from 66 percent to 97 percent; absolute poverty was eliminated. The “starvation wages” that Sanders denounced were the wages of a socialist country that was in the process of developing its productive forces under the dictatorship of the proletariat, and that has since achieved the most dramatic improvement in living standards in human history. Sanders’s opposition to PNTR was not based on solidarity with Chinese workers — whom he slanders as laboring under “starvation wages” — but on the protectionist demand that American workers should not have to “compete against” Chinese workers. This is not internationalism; it is the chauvinism of the settler-colonial labor aristocracy, which demands that the imperialist bourgeoisie protect its parasitic standard of living by restricting the development of the oppressed nations.

Sanders continued this line in his 2021 op-ed “Washington’s Dangerous New Consensus on China,” published in *Foreign Affairs*, in which he wrote: “What I knew then, and what many working people knew, was that allowing American companies to move to China and hire workers there at starvation wages would devastate American manufacturing.” The formulation is revealing: Sanders’s concern is not the welfare of the Chinese worker but the “devastation” of “American manufacturing” — that is, the parasitic standard of living of the settler-colonial labor aristocracy. The Sanders movement’s strategic function is to capture the anti-imperialist, anti-war, and anti-capitalist sentiment of the settler-colonial working class and redirect it into the Democratic Party, where it is neutralized through the mechanism of “left-center unity.” Sanders’s two presidential campaigns (2016, 2020) ended, as they were designed to end, with the endorsement of the Democratic nominee — Hillary Clinton, who had destroyed Libya, and Joe Biden, who had supported every imperialist war of the previous four decades. The Sanders movement is not a threat to imperialism; it is imperialism’s most sophisticated mechanism for the management of domestic opposition.

The Material Basis of the Parasite Left

The behavior of the CPUSA, the DSA, and the Sanders movement is not the product of individual moral failure, ideological confusion, or strategic miscalculation. It is the structural expression of the material position of the settler-colonial labor aristocracy in the

imperialist system. The organizations of the parasite left represent the upper stratum of the imperialist-country working class — the professional, the unionized, the salaried, the university-educated, the homeowner, the pension-holder — and this stratum is materially dependent on the continued extraction of super-profits from the oppressed nations. The CPUSA does not oppose the imperialist wars because the labor aristocracy that constitutes its social base depends on the imperialist wars for its standard of living. The DSA does not break with the Democratic Party because the Democratic Party is the political instrument through which the labor aristocracy negotiates its share of the super-profits. Sanders does not oppose the imperialist confrontation with China because the labor aristocracy that constitutes his constituency demands protection from the competition of the productive workers of the socialist and oppressed-nation states.

Lenin identified this mechanism with precision in his Preface to the French and German Editions of *Imperialism* (July 1920): “The bourgeoisie of an imperialist ‘Great’ Power can economically bribe the upper strata of ‘its’ workers by spending on this a hundred million or so francs a year, for its super-profits most likely amount to about a thousand million. And how is this little ‘sweetheart’ deal between the capitalists and the labour leaders of the Great Powers to be overcome? The CPUSA, the DSA, and the Sanders movement are the contemporary answer to Lenin’s rhetorical question: it is not overcome; it is reproduced, under new conditions, with new organizations, and with the same function. The parasite left is the labor aristocracy organized as a political force within the working-class movement; its function is to prevent the genuine proletariat and the oppressed nations from organizing against imperialism by offering them a “socialist” alternative that is, in practice, the alternative of the imperialist bourgeoisie.

— *V. I. Lenin, Speech on the Terms of Admission into the Communist International, Second Congress of the Communist International (July 30, 1920)*
“In the general and world-historical sense, it is true that in a backward country like China, the coolie cannot bring about a proletarian revolution; however, to tell the workers in the handful of rich countries where life is easier, thanks to imperialist pillage, that they must be afraid of ‘too great’ impoverishment, is counter-revolutionary. It is the reverse that they should be told. The labour aristocracy that is afraid of sacrifices, afraid of ‘too great’ impoverishment during the revolutionary struggle, cannot belong to the Party. Otherwise the dictatorship is impossible, especially in West-European countries.”

This passage, directed against the German Independent Social-Democrat Crispian, who argued that the workers should not be asked to endure “too great” impoverishment during the revolutionary struggle, contains the most explicit statement in the entire corpus of Marxist-Leninist theory of the correct line on the labor-aristocratic workers of the imperialist countries. The workers who are afraid of sacrifices, who demand that their

conditions not be worsened “too much,” who insist on the preservation of their imperialist-country standard of living as a precondition of their support for the revolution — such workers cannot belong to the Communist Party. Otherwise the dictatorship of the proletariat is impossible. This is the line that the CPUSA, the DSA, and the Sanders movement violate at every turn: they insist that the workers of the imperialist countries must not be asked to sacrifice their standard of living, their consumer goods, their cheap imports produced by third-world labor. They are, in Lenin’s words, counter-revolutionary.

— *V. I. Lenin, Speech on the Terms of Admission into the Communist International, Second Congress of the Communist International (July 30, 1920)*
“The standard of living in Russia is undoubtedly lower than in Germany, and when we established the dictatorship, this led to the workers beginning to go more hungry and to their conditions becoming even worse. The workers’ victory cannot be achieved without sacrifices, without a temporary deterioration of their conditions. We must tell the workers the very opposite of what Crispian has said. If, in desiring to prepare the workers for the dictatorship, one tells them that their conditions will not be worsened ‘too much’, one is losing sight of the main thing, namely, that it was by helping their ‘own’ bourgeoisie to conquer and strangle the whole world by imperialist methods, with the aim of thereby ensuring better pay for themselves, that the labour aristocracy developed.”

The labor aristocracy, Lenin explains, developed precisely by helping “their” bourgeoisie conquer and strangle the whole world. The demand that the workers of the imperialist countries not be asked to endure “too great” impoverishment is not a demand for the protection of the working class; it is a demand for the preservation of the super-profit bribe. The Sanderite movement’s opposition to trade with China on the grounds that American workers must not “compete against starvation wages” is the contemporary form of Crispian’s demand: the labor aristocracy, afraid of losing its parasitic standard of living, opposes the development of the productive forces in the oppressed nations and the socialist states. To claim that capitalism in any form exists in Communist states — to deny that the exploiting class has been eliminated in China, to deny that surplus-value as a category has been abolished under the dictatorship of the proletariat — is to side with the labor aristocrats and therefore with imperialism. The Shanghai textbook, the foundation of the present work, is unambiguous on this question: where the exploiting class has been abolished, the capitalist categories that express the exploitation of the working class are abolished with it.

— *V. I. Lenin, Report on the International Situation and the Fundamental Tasks of the Communist International, Second Congress of the Communist International (July 19, 1920)*

“Before the war, it was calculated that the three richest countries—Britain, France and Germany—got between eight and ten thousand million francs a year from the export of capital alone, apart from other sources. It goes without saying that, out of this tidy sum, at least five hundred millions can be spent as a sop to the labour leaders and the labour aristocracy, i.e., on all sorts of bribes. The whole thing boils down to nothing but bribery. It is done in a thousand different ways: by increasing cultural facilities in the largest centres, by creating educational institutions, and by providing co-operative, trade union and parliamentary leaders with thousands of cushy jobs. ... It is these thousands of millions in super-profits that form the economic basis of opportunism in the working-class movement.”

— V. I. Lenin, Report on the International Situation and the Fundamental Tasks of the Communist International, Second Congress of the Communist International (July 19, 1920)

“Opportunism is our principal enemy. Opportunism in the upper ranks of the working-class movement is bourgeois socialism, not proletarian socialism. It has been shown in practice that working-class activists who follow the opportunist trend are better defenders of the bourgeoisie than the bourgeois themselves. Without their leadership of the workers, the bourgeoisie could not remain in power.”

Lenin’s characterization of opportunism as the “principal enemy” — not the openly bourgeois parties, but the opportunist trend within the working-class movement itself — is the theoretical basis for the present chapter. The CPUSA, the DSA, and the Sanders movement are not adversaries to be debated; they are the principal enemy within the working-class movement, the contemporary embodiment of the opportunism that Lenin identified as the greatest danger to the revolution.

— V. I. Lenin, Report on the International Situation and the Fundamental Tasks of the Communist International, Second Congress of the Communist International (July 19, 1920)

“World imperialism shall fall when the revolutionary onslaught of the exploited and oppressed workers in each country, overcoming resistance from petty-bourgeois elements and the influence of the small upper crust of labour aristocrats, merges with the revolutionary onslaught of hundreds of millions of people who have hitherto stood beyond the pale of history, and have been regarded merely as the object of history.”

— V. I. Lenin, Report of the Commission on the National and Colonial Questions, Second Congress of the Communist International (July 26, 1920)

“The jingoist and chauvinist-minded labour aristocrats of Britain and America present a very great danger to socialism, and are a bulwark of the Second International.”

The Second Congress of the Communist International (July 19–August 7, 1920) provided the most authoritative and comprehensive Marxist-Leninist analysis of the labor aristocracy and its relationship to imperialism. The theses and speeches of that Congress, building on the analysis developed in *Imperialism, the Highest Stage of Capitalism* (1916) and the Preface to the French and German Editions (July 1920), constitute the definitive statement of the Communist position on the labor aristocracy. The Shanghai textbook *Fundamentals of Political Economy* (1974), which is the foundation of the present work, develops these theses systematically. What follows are the key passages from the Second Congress that establish the line on the labor aristocracy, the parasite left, and the correct attitude toward the workers of the imperialist countries who are afraid of impoverishment.

The struggle against the parasite left is therefore not a secondary or peripheral task; it is a necessary condition of the struggle against imperialism. An anti-imperialist movement that tolerates within its ranks organizations that endorse imperialist soldiers as “progressives,” that vote for Iron Dome funding, that slander socialist China as a land of “starvation wages,” that issue joint statements with the ZioCommunists slandering Iran a “theocratic dictatorship,” calling for the destruction of the Iranian Revolution on the eve of an imperialist war of aggression — such a movement has already been neutralized from within. The Marxist-Leninist movement must break, organizationally and politically, with the parasite left, just as Lenin broke with the social-democrats of the Second International in 1914, and just as the Communist Party of China broke with the Khrushchevite revisionists in 1963. There can be no united front with social-imperialism; there can be no coalition with the agents of the imperialist bourgeoisie within the working-class movement. The parasite left must be combatted, just as the army and the police of the imperialist state must be combatted, because the parasite left is, in its function, an arm of the imperialist state.

Notes and References

The works cited below are organized into four sections: Primary Sources (treaties, party documents, Comintern declarations, and other contemporary historical documents); the Collected Works of Marx, Engels, Lenin, Stalin, and Mao (alphabetical by author, then chronological within author); Marxist-Leninist Political Economy (textbooks, party documents, and major theoretical works in the Marxist-Leninist tradition, including the principal modern statistical investigations of the labor aristocracy and super-profit transfer); and Secondary Literature (non-party scholarly works, primary statistical sources, and

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* * *

Imperialism carries within itself the contradictions that prepare its supersession; the struggle of the genuine proletariat, of the oppressed nations, and of the socialist states is the foundation upon which the future socialist world will be built.